

REPORT TO: POLICY & RESOURCES COMMITTEE – 20 OCTOBER 2003

REPORT ON: RESPONSE TO CONSULTATION ON URBAN REGENERATION COMPANIES AND ESTABLISHMENT OF A REGENERATION DELIVERY VEHICLE FOR STOBSWELL

REPORT BY: DIRECTOR OF PLANNING & TRANSPORTATION

REPORT NO: 652-2003

1 PURPOSE OF REPORT

- 1.1 Following the publication of a consultation paper by the Scottish Executive on the subject of Urban Regeneration Companies (URC) and the identification of Stobswell as a priority area for regeneration, this report sets out a draft response to the consultation paper and seeks approval in principle for Stobswell to be put forward as a potential URC pathfinder pilot.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Assistant Chief Executive (Community Planning) be remitted to respond to the Scottish Executive's consultation paper as outlined in Appendix 1 and to include an expression of interest in the Stobswell regeneration delivery vehicle becoming a URC Pathfinder.
- 2.2 It is recommended that the Director of Planning & Transportation be remitted to bring back to Committee detailed draft proposals for the establishment of a URC for the Stobswell area.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications as a result of this report. There are indications that if the Stobswell Regeneration Delivery Vehicle is taken forward as a URC pathfinder pilot, additional financial resources will be made available.

4 LOCAL AGENDA 21 IMPLICATIONS

- 4.1 The delivery vehicle for Stobswell would be focused on a fully sustainable regeneration of the area which embraced the aims and objectives of Dundee's LA 21 strategy.

5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 The delivery vehicle for Stobswell would assist in the promotion of equality of opportunity in the local area and encourage the participation of a broad variety of community interests.

6 BACKGROUND

- 6.1 The 'Review of Scotland's Cities' published on 9 January 2003 recognised that despite Scotland's track record in delivering regeneration initiatives, we must continue to learn from new effective approaches. In its response to the Cities Review, 'Building Better Cities', the Executive indicated its support for innovative

delivery vehicles such as the Urban Regeneration Companies (URCs) in England, but undertook to consult widely on this subject before any action was taken.

- 6.2 The Executive has now published a consultation paper on URCs entitled 'Challenging Practice, Testing Innovation' and it sets out the context for the use of innovative delivery vehicles in accelerating growth and achieving regeneration. The paper also invites comments on the principal issues associated with URCs and any expressions of interest in becoming a Pathfinder URC Pilot.
- 6.3 The City Council's proposed response to the consultation paper is given in Appendix 1 and is broadly supportive of URCs as potentially effective delivery mechanisms subject to local conditions and factors being properly taken on board. The proposed response also includes an expression of interest in establishing a URC Pathfinder for the Stobswell area of Dundee.
- 6.4 The decline of the Stobswell area has been marked over the past five years and is now considered a priority regeneration area by the Dundee Partnership. The Partnership has agreed that it is imperative that action is taken to stop and reverse this decline and to commit investment and secure additional resources to tackle the issues in the area. The Policy & Resources Committee of 9 May 2003 agreed that the Stobswell Area Regeneration Project be submitted to the Scottish Executive for £4m of funding from the Vacant and Derelict Land Fund. The Economic Development Committee of 2 June 2003 agreed to seek Stobswell's designation as a 'Community Economic Development' (CED) area in order to enable the ERDF to contribute to the area's wider regeneration.
- 6.5 Following the preparation of a Neighbourhood Regeneration Framework for Stobswell by consultants working on behalf of the Dundee Partnership, an officers group has been working alongside the Stobswell Forum to prepare a Development Strategy and an Action Plan for the area. It is intended that these guide the regeneration of the area and be submitted to the Scottish Executive as the basis for the allocation of £4m from the Vacant and Derelict Land Fund.
- 6.6 To become a Pathfinder Pilot, the Scottish Executive will require any proposed URC to demonstrate:
 - a a clear support and commitment from the proposed partners, including communities themselves;
 - b a project and vision that will deliver on a social, economic and environmental level – and not just commercially.
 - c a project that will make a real and lasting difference to a region as well as the immediate local area; and
 - d evidence that the URC will be genuinely accountable to the community in which it operates.
- 6.7 It is therefore proposed that, through the Dundee Partnership, support is sought from Scottish Enterprise Tayside, Communities Scotland, the Stobswell Forum and other local bodies for the principle of a URC as the delivery vehicle for the regeneration of Stobswell. Subject to this support and commitment, the Director of Planning &

Transportation would prepare detailed draft proposals for the establishment of a Pathfinder URC for the Stobswell area.

7 CONSULTATIONS

- 7.1 The Chief Executive, Depute Chief Executive (Support Services), Depute Chief Executive (Finance), Assistant Chief Executive (Community Planning) and Director of Economic Development have been consulted and are in agreement with the contents of this report.

8 BACKGROUND PAPERS

Urban Regeneration Companies: A Consultation Paper – Scottish Executive August 2003.

Initial Project Outline for Stobswell, to be enclosed with the submission to the Executive.

(Both of these papers are available in the members' lounge).

Mike Galloway
Director of Planning & Transportation

MPG/MS

8 October 2003

Dundee City Council
Tayside House
Dundee

APPENDIX ONE

PROPOSED RESPONSE TO THE SCOTTISH EXECUTIVE'S CONSULTATION PAPER ON URBAN REGENERATION COMPANIES, "CHALLENGING PRACTICE, TESTING INNOVATION"

Dundee City Council welcomes the opportunity to comment on the issue of innovative service delivery vehicles such as Urban Regeneration Companies (URCs). The Council was a prominent participant in the Executive's Review of Scottish Cities and took part in the expert working group which investigated the potential of URCs.

The Council is broadly supportive of URCs as potentially effective regeneration delivery mechanisms subject to local conditions and factors being properly taken on board. The Council wish to express an interest in establishing a pilot URC Pathfinder for the Stobswell area of Dundee.

The Council's detailed responses to the key questions raised in the consultation paper are as follows;

Question 1: What are the current barriers or obstacles to delivering successful, sustainable regeneration? In what circumstances would an URC help address these problems?

Dundee City Council agrees with the Executive's view that in many cases there is very little, if anything, wrong with current regeneration practices and arrangements. Dundee has an excellent record in partnership working and the delivery of highly successful urban regeneration projects and initiatives.

There are occasions, however, when Councils find themselves constrained in their ability to deliver regeneration projects because they are unable or unwilling to act and behave outwith their role as the formal local authority for the area. Examples of such situations can be found in the areas of land and property assembly, engagement with private investors, companies and property owners, public relations and image building and community participation and involvement.

Although many local authorities cope with or work around these constraints, an alternative delivery mechanism such as an URC may prove to be much more effective and efficient when dealing with these types of situations. That does not mean that URCs should be created for all regeneration initiatives or programmes, but where it is clear that such constraints are likely to be encountered then an URC should be given very serious consideration.

Question 2: Should URCs attract additional funds from central government and, if so, why?

Additional funds for urban regeneration are always very necessary and a well argued justification for more resources can easily be made. However, it must also be recognised that there is a finite amount of money available for regeneration at a national level and that if URCs are to gain a priority on such funds, then the balance of expenditure across Scotland will be significantly affected. Dundee City Council is concerned to ensure that such funds are allocated on the basis of urban need rather than a beauty contest between competing URCs.

It is worth noting that, in England, URCs do not by right receive any additional funding from central government other than that committed by its local partners and other contributing parties. The Council believe that this is the right approach in principle to the issue of central government funding in order to ensure that 'need' should remain the predominant factor in distributing such funds.

The Council does, however, also recognise the role that 'additionality' can and should play in funding urban regeneration. That may mean that the bending of mainstream spending or the allocation of additional discretionary funding to URCs is valid and justified where it can be clearly established that such expenditure creates 'additionality' in the resolution of identified need.

It is also important that the definition of "need" should be a broad one and not confined to indicators of social deprivation. "Need" in an urban regeneration context for example should also include indicators of land and property values as these are often the key drivers of successful regeneration projects. In Dundee's case, land values, office rentals etc are significantly below those achieved in Scotland's other major cities and have in the past led to a market failure position (e.g. industrial land and building provision in the period 1970 to the mid 1990s) which has had to be addressed by public sector intervention

Question 3: What range of partner organisations is needed to form a successful delivery vehicle like an URC?

Experience from south of the border demonstrates that the key partners in any Scottish URC should include the Local Authority, the Local Enterprise Company and Communities Scotland. Dundee City Council agrees with this assessment, but would also identify Local Community representation as being a further crucial element in any successful URC. Such community involvement needs to be much more than tokenism, but there are likely to be many alternative ways of ensuring real and meaningful community representation depending on local circumstances and structures.

With regard to the involvement of the private sector, the Council recognises the important role they can and must play in urban regeneration but is of the view that it would be inappropriate for individual private interests or companies to be a partner in an URC. The Council agrees with the Executive's view that an URC could be set up by public sector partners alone with the intention to then engage with the private sector on a project by project basis. It may, however, also be appropriate to involve and engage with local representative bodies such as the Chamber of Commerce, Local Traders Associations and Local Housing Associations and, depending on local circumstances, invite them to be a full member in the URC.

Question 4: How should a delivery vehicle like an URC ensure that it is accountable to both its contributing partners and to the local community?

Any URC should have firm support across a broad spectrum of interests and must be able to demonstrate the commitment of its partners and local ownership of its aims and objectives. Representation on its Board from the contributing partners should be at the highest appropriate level. Local community representation needs to be both authoritative and accountable, again local circumstances and structures should help determine how that is achieved.

URC Boards should not be closed to public scrutiny and, unless there is clearly confidential business being discussed, the press and public should have reasonable access to Board meetings.

Question 5: Are there circumstances in Scotland where the UDC (Urban Development Corporation) approach would be appropriate?

Other than the former New Town Development Corporations, there is no precedent in Scotland for the establishment of UDCs. Experience of UDCs in England has been very

mixed with many examples of poor community involvement and a lack of democratic accountability. There is clearly a need to avoid any such experience within the regeneration of urban Scotland.

Dundee City Council is not convinced that there are any overwhelming advantages that an UDC would have over an URC. The committed involvement of local authorities in URCs will bring any necessary powers of compulsory purchase, planning controls etc which may be needed while also maintaining full democratic accountability and public participation in these processes.

Question 6: How should an URC relate to other local partnerships and agencies

The key driver for the regeneration of Dundee has been, and will continue to be, the 'Dundee Partnership'. Prior to its transition into the local Community Planning Partnership (CPP), this body was a highly effective economic and physical development catalyst. It has now broadened its role and membership to become a more holistic body which also embraces other crucial agendas such as social inclusion and health improvement. It is therefore absolutely crucial that any URC in Dundee is fully integrated with the local CPP by acting as an arms-length agency of the 'Dundee Partnership'.

Such an approach would ensure that URCs work in strategic alignment with CPPs and integrate with existing SIPs to ensure a coordinated approach to urban regeneration. With regard to the relationship between URCs and Local Economic Forums, Dundee City Council recognises the need to have good linkages in terms of regional strategies, programmes and initiatives. Due to the particular geography of the Dundee City-Region, however, this would be best achieved through informal rather than formal processes so as to manage the complexity of involving two Local Economic Forums, two Local Enterprise Companies, four Local Authorities, three Tourism Agencies and numerous other agencies and bodies.

Question 7: Do you have specific proposals for an URC in your area?

There are two specific geographic areas in Dundee where the City Council believes that a special delivery mechanism will be necessary to achieve their successful regeneration. The first of these is the Central Waterfront where the Council, SET and the Tay Road Bridge Joint Board have agreed a Development Masterplan and received £9.3m from the Cities Growth Fund to kickstart the project. Given the particular circumstances of this project and the area's context and history, the Partners are considering its implementation via a Development Trust and therefore pilot status as an URC is not being sought for the Central Waterfront.

The second area is Stobswell; this is a traditional mixed use, inner-city tenemental community which is experiencing considerable physical and social degeneration. Through the Dundee Partnership, a study of the area has been undertaken by external consultants to determine how this situation can be reversed not only in order to turn the Stobswell area around, but also to act as a demonstration as to how other similar tenemental areas in the city can again become places of choice. Through joint working with the local community and local business interest, the notion of a local regeneration company has been identified as the most appropriate mechanism to deliver the regeneration of Stobswell.

Dundee City Council would therefore wish to express an interest in a Pathfinder URC Pilot being established for Stobswell.