



Leicester
City Council

Cabinet

3rd December 2001

Leicester Regeneration Company

Report of the Director of Environment, Development and Commercial Services

1. Purpose of this Report

The purpose of this report is to update members on progress with the establishment of the Leicester Regeneration Company. The report outlines progress, primarily on administrative matters relating to the formation of the company and matters relating to the resourcing of the Company, both in terms of finance and staff.

2. Summary

Members will recall that Cabinet, at its meeting on 30th July 2001, gave formal approval for the City Council to join and fund the Leicester Regeneration Company (LRC). Cabinet also agreed that the Leader of the Council and the Chief Executive be nominated as Directors of the company and that a contribution of £250,000 be provided for the first year of the company's existence - on the basis of equal contributions having been provided by EMDA and English Partnership. Approval in principle to a similar level of funding for a further 2 years was also given. The above approvals were subject to the Head of Legal Services being satisfied as to the final details of the framework within which the company will operate.

The Head of Legal Services has now completed negotiations and the Company is in the process of being incorporated. In addition a staff team has been formed from existing resources of the City Council which will service the City Council's input into the Company.

3. Recommendation

It is recommended that:

- 3.1 the full amount of £250,000 be made available to the Company in this financial year.
- 3.2 underspends in this budget be carried over from year to year, and made available to the company, including into a possible 4th year, subject to the City Council's contribution in each year not exceeding that of the other funding partners.

- 3.3 The arrangements for servicing the City Council's input into the Company be noted.
- 3.4 Alistair Reid, Principal Assistant Director (City Development), Environment & Development, be named as client officer.
- 3.4 for the year 2001/2 the contributions be made in kind and that the funding mechanism for further years be determined at a later date
- 3.5. the procurement of consultants to produce a Masterplan; which will facilitate the activities of the Company be approved and the Head of Legal Services be authorised to enter into the necessary agreements for the resulting appointment.

4. Headline Financial and Legal Implications

Cabinet approved a contribution of £250,000 in the first year of the company's existence. The approval was that this be pro rata for this financial year, giving a sum of £187,500 in this financial year. It has been brought to our attention that this will have a knock on effect on other partner's contributions, which has been confirmed by English Partnerships. In order to avoid this loss of up to £125,000, E&D budgets have been re-examined, and by dint of judicious redirection of certain funds, the full £250k could be made available in this financial year. It is recommended that the full amount of £250k be made available to the Company in this financial year. It is also recommended that underspends in this budget be carried over from year to year, and made available to the company, including into a possible 4th year, subject to the City Council's contribution in each year not exceeding that of the other funding partners.

The legal implications of participating in the company were set out in detail for Cabinet at its meeting on 30th July 2001. The Head of Legal Services has now completed negotiations and the company is in the process of being incorporated. The Head of Legal Services is satisfied that the incorporation documents (including the members agreement) reflect the intentions of the Council. The Council's participation in the company is already authorised by virtue of previous decisions and delegations.

5. Report Author/Officer to Contact

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1. Report

Members will recall that Cabinet, at its meeting on 30th July 2001, gave formal approval for the City Council to join and fund the Leicester Regeneration Company (LRC). Cabinet also agreed that the Leader of the Council and the Chief Executive be nominated as Directors of the company and that a contribution of £250,000 be provided for the first year of the company's existence - on the basis of equal contributions having been provided by EMDA and English Partnership. Approval in principle to a similar level of funding for a further 2 years was also given. The above approvals were subject to the Head of Legal Services being satisfied as to the final details of the framework within which the company will operate.

The Head of Legal Services has now completed negotiations and the company is in the process of being incorporated. In addition a staff team has been formed from existing resources of the City Council which will service the City Council's input into the Company.

2. Memorandum and Articles

The drawing up of the Company's memorandum and articles has been a matter of rigorous discussion between the Acting Chief Executive of the company, Shadow Board Members and officers of the City Council, including Legal Services. Matters resolved include, the City Council's appointment of two Directors, dealing with conflicts of interest, monitoring of the Company's status under the Local Government & Housing Act 1989 and the development of a Member's Agreement.

The Memorandum and Articles of the Company, along with a Members Agreement are to be signed by the Head of legal Services. The Head of Legal Services is satisfied that the incorporation documents (including the members agreement) reflect the intentions of the Council. The Council's participation in the company is already authorised by virtue of previous decisions and delegations.

3. Financial Arrangements:

The Principal Assistant Director has met with representatives of the Funding Partners (EMDA and English Partnerships) prior to the next Shadow Board meeting to resolve issues relating to the funding mechanism. The other funding partners have indicated a willingness to fund the company to a sum of £250k plus VAT, each, for each of the next three years. It is not recommended that the City Council adopt this approach.

For this financial year support will be made available to the company in kind. That is the City Council will in its own name, purchase and account for goods and services which further the aims of the Company, providing that the activities for which the goods and services relate fall within the Council's statutory powers. This will enable the City Council to reclaim VAT. The activities will include the funding of the Masterplan.

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4. Resources and Recruitment Issues

On the appointment of the Acting Chief Executive of the LRC, a weekly meeting was established with City Council Planning officers, ostensibly as an informal exchange of information on current developments in the City. This meeting has established itself as a fortnightly exchange of information on a wider range of issues, and has grown from its initial 45 minutes to often lasting up to 2 hours. Participation in the meeting has widened to include representatives from EMDA.

It is proposed to place this meeting on a more formal basis and engage those officers not within the planning arena, but clearly within the arena of the LRC, and to establish this as the core meeting for the officer team supporting the LRC. This has to be done without losing the current successful information exchange between the Planners and the LRC.

The core business for the City Council Officer Team will initially fall into four categories as follows:

- Making recommendations to appropriate Council bodies on policy issues including:

- Role of Council assets
 - Developing a cohesive approach to Compulsory Purchase Orders (CPOs)
 - Developing an approach to and agreeing/lobbying with DTLR/GO-EM/DA over “Best Consideration”
 - S.106 agreements e.g. re affordable housing
 - Social inclusion and employment
 - Community Engagement
- Direct operational/project issues
 - Development control
 - Property
 - Liaison re ongoing initiatives including: Cultural Quarter, etc.
 - Progress on Masterplan, replacement City of Leicester Local Plan etc.
- Developing staff support including:
 - Making available expertise
 - Consideration of secondments
 - Client officer role
 - Project management
- Administrative and legal issues:
 - Monitoring part 5 status
 - Ongoing contractual issues
 - Financial monitoring
 - Agreement of future funding arrangements

This list is not definitive but intended as a starting point for the development of a work programme for the City Council team.

The activities of the Company will have a significant impact on the work of officers within the City Council, particularly in the areas of planning, urban design, traffic and property. The Environment & Development Department is currently examining the possibility of examining further provision to service the company as part of the Department’s revenue budget strategy for 2002/03.

The Company itself is currently recruiting a Chief Executive. The process is being advised by PricewaterhouseCoopers. Interviews will take place on the 7th November. The Company has appointed to the posts of Planning and Development Manager, and Office Manager. At the time of writing contractual arrangements remain to be sorted out as the company is not yet formally incorporated.

For the time being it is recommended that Alistair Reid act as the City Council’s client officer to co-ordinate and manage the Council’s relations with the company. This appointment will be subject to review as the nature of the relationship between the Company and the City Council develops.

5. Baseline Study and Masterplan

The core outputs of the Company in its first year will be the undertaking of a Baseline Study of the Regeneration Area and the production of a Masterplan for the area.

GVA Grimley, who were selected following a tendering and interview process, are currently undertaking the Baseline study.

The Masterplan process has begun with an OJEC notice being posted and the initial submissions of interest being received by 24th September. Invitations to tender were sent out at the beginning of October, with the final decision being made at the end of the November. The Masterplanning process is likely to take between 6 and 9 months. It should be noted that the term “Masterplan” is that used by the funding bodies. The preparation of a “Masterplan” is a requirement of the URC model. The LRC is using the term, however, what is produced will be a “Regeneration Framework” for the area.

6. Communication

Communication between the company and the City Council will be crucial to the success of the venture. At an officer level this will take place between the staff of the company and the officer group of the City Council outlined above. At a Member level, the Leader of the Council is represented on the Board. In addition to this, the Principal Assistant Director E&D will brief the Cabinet Lead for Strategic Planning and Regeneration on a regular basis on the activities of the company. The minutes of the Shadow Board, and then the Board of the Company will be available for scrutiny at any time in the Environment & Development Department.

7. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	NO		
Policy	NO		
Sustainable and Environmental	Yes	5. Will form core part of Masterplan	
Crime and Disorder	NO		
Human Rights Act	NO		

8. Background Papers – Local Government Act 1972

Report to Regeneration Sub-Committee, 1st June 2000
 Report to Cabinet, 30th July 2001.

9. Author of this report:

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