

BROMSGROVE DISTRICT COUNCIL

Cabinet

5th January 2011

Longbridge Memorandum of Understanding

Relevant Portfolio Holder	Cllr Jill Dyer
Relevant Head of Service	Ruth Bamford
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 The purpose of this report is to seek Cabinet endorsement for the Longbridge Memorandum of Understanding (MoU). It is a multilateral agreement that sets out the standards of co-operation between Bromsgrove District Council (BDC) Birmingham City Council (BCC), and Worcestershire County Council (WCC) in respect to the management and delivery of the Longbridge Area Action Plan (AAP). It includes the City Council's role as banker for 'pooled' Longbridge Infrastructure Tariff (LIT) funds.

2. RECOMMENDATIONS

- 2.1 That the non legally binding Longbridge Memorandum of Understanding is endorsed including the provision for Birmingham City Council to act as banker for 'pooled' Longbridge Infrastructure Tariff (LIT) developer contributions as detailed in Appendix 5 of the MoU
- 2.2 That Delegated authority is given to the Executive Director of Planning and Regeneration, Regulatory, Housing Services to make minor amendments to the MoU and Appendices in consultation with Birmingham City Council (BCC) and Worcestershire County Council (WCC).

3. BACKGROUND

- 3.1 BDC in association with BCC and WCC prepared the Longbridge Area Action Plan, to secure the comprehensive regeneration of the Longbridge area, following the closure of the MG Rover plant in 2005. The AAP was adopted in April 2009 and is both a policy and implementation tool that sets out the aims and objectives for the Longbridge redevelopment; its proposals will guide the development and delivery of a sustainable and accessible new community.
- 3.2 In May 2009 the councils put in place a governance structure supported by specific working groups and delivery mechanisms to progress the AAP aims and objectives. A Longbridge Project Board, chaired by the BCC Director of Regeneration and comprising of senior officers from BDC WCC and the St

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Modwen, has been appointed to provide strategic guidance and delivery of the AAP. Other delivery groups are also part of this governance structure as outlined in the MoU

- 3.3 The MoU will ensure consistent and joined up partnership working between the Councils. It outlines the cross-bounding arrangements and working structure between the three Councils, inclusive of the financial management of the LIT funds.

4. KEY ISSUES

- 4.1 Although the councils will implement their own Section 106 agreement with the developer, which will include a provision for LIT contributions, the MoU outlines a structure for the Councils to 'pool' LIT developer payments in order to deliver the community infrastructure identified in the AAP. These banking arrangements for the LIT funds are fundamental to the MoU agreement.

5. FINANCIAL IMPLICATIONS

- 5.1 Appendix 4 – Section 1 of the MOU details the financial arrangements proposed for the Longbridge Infrastructure Tariff.
- 5.2 It is proposed that BCC will receive all Tariff monies on behalf of the authorities and will act as 'banker' for receipts into and payments out of the 'LIT Fund' on the following basis. This is the most effective system to ensure that the funds are invested in a high value portfolio and therefore attract maximum return.
- 5.3 BCC will account for LIT Income and Expenditure for revenue and capital separately in accordance with local authority accounting standards, and for BCC officers to calculate the LIT Fund balance for revenue and capital separately. The Board will be responsible for confirming the budgetary allocations in line with the Community Infrastructure Delivery Plan for the approval of BCC, BDC and WCC LIT funded projects. BCC will be responsible for providing an outturn turn statement, including a subjective analysis of expenditure, of expenditures and income for each authority for each financial year ended 31st March.
- 5.4 Each authority incurring LIT related expenditure endorsed by the Longbridge Delivery Board will account on an 'open book' basis to BCC as 'banker' (in accordance with any procedures the authorities agree for the

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LIT Fund). BCC as 'banker' will quarterly reimburse all such expenditure which is to be met from the LIT Fund. This will be on the basis of cash payments defrayed and not on an accounting accruals basis. Each authority to make its own accruals as appropriate.

- 5.5 BCC will account for the payment of LIT monies to WCC and BDC as grants, as approved under the terms of the Memorandum of Understanding. Each authority will be required to enter into conditions of grant aid for each project with BCC and must seek internal approval for any projects they are delivering and submit these to BCC in advance of any claims for reimbursement.
- 5.6 If the LIT is 'wound up', any closing LIT Fund surplus, including interest to date, will be paid to the authorities in equal proportions of one third.
- 5.7 The proposed arrangement will ensure that there is a transparent and robust financial management framework in place for allocation of funds.

6. LEGAL IMPLICATIONS

- 6.1 The MoU is not a legally binding document, but it is well suited to the proposed arrangement between the three Councils. The MoU is prepared pursuant to Section 2 of the Local Government Act 2000, which enables the Council to enter into arrangements which will promote the economic, social and environmental well being of the area. In exercising these powers the Council is obliged to have regard to the Secretary of State Guidance as to the application of the Council's Community Strategy. The MoU will formalise the current working partnership arrangements between the three Councils. It will provide a framework for collectively delivering the aims and objectives of the AAP.
- 6.2 From April 2014 the CIL regulations will restrict the use of pooled contributions to fund community infrastructure and limit the ability of planning officers to take such contributions into consideration when granting planning permission. The regulations aim to bring all such arrangements under the CIL system. Although introduced by the previous government, the current government has indicated their intention to retain the CIL system with changes to be set out in future legislation. Officers will consider the implications of the Community Infrastructure Regulations regarding the MoU as and when necessary.

7. POLICY IMPLICATIONS

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- 7.1 The MoU supports the Councils adopted planning policy for the Longbridge Site.

8. COUNCIL OBJECTIVES

- 8.1 Regeneration - the MoU helps facilitate the successful regeneration of Longbridge and with it its associated economic and community benefits for Bromsgrove and South Birmingham, including supporting the cases for electrification of the line and a new rail station at Bromsgrove.

One community - the AAP provides for around 1400 houses across the site with around 700 on the east works in Bromsgrove, of which around 35% will be affordable with a provision of retirement living complex still possible subject to economic circumstances.

Climate Change - the policies within the AAP require development to include high sustainability standards subject to viability of the overall scheme.

9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

- 9.1 The main risks associated with the details included in this report are:
Without the MoU the Council and wider community may not benefit fully from development and developer contributions which take place or are collected in Birmingham at but which will affect communities and services in Bromsgrove.

- 9.2 These risks are being managed as follows:

Risk Register: Planning and Environment
Key Objective Ref No: 6
Key Objective: Effective, efficient, and legally compliant Strategic planning Service

10. CUSTOMER IMPLICATIONS

- 10.1 None

11. EQUALITIES AND DIVERSITY IMPLICATIONS

- 11.1 An Equalities impact assessment was carried out on the Longbridge AAP for the examination in December 2008.

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12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT

12.1 None

13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY

13.1 None from endorsing of the MoU although one of the major objectives on the AAP is to ensure the development is as sustainable as possible.

14. HUMAN RESOURCES IMPLICATIONS

14.1 None

15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS

15.1 None

16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998

16.1 None

17. HEALTH INEQUALITIES IMPLICATIONS

17.1 None

18. LESSONS LEARNT

18.1 None

19. COMMUNITY AND STAKEHOLDER ENGAGEMENT

19.1 The MoU has been prepared over a considerable period of time with input from BDC's, BCC's and WCC's, Planning Legal and Financial services.

20. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes
Chief Executive	Yes (at CMT)
Executive Director (S151 Officer)	Yes (at CMT)

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Executive Director – Leisure, Cultural, Environmental and Community Services	Yes (at CMT)
Executive Director – Planning & Regeneration, Regulatory and Housing Services	Yes (at CMT)
Director of Policy, Performance and Partnerships	Yes (at CMT)
Head of Service	Yes (at CMT)
Head of Resources	Yes (at CMT)
Head of Legal, Equalities & Democratic Services	Yes (at CMT)
Corporate Procurement Team	No

21. WARDS AFFECTED

Hillside, Beacon, and Waseley are the most likely to be effected although the full effects of Longbridge regeneration could be more widespread.

22. APPENDICES

Appendix 1 - Longbridge Memorandum of Understanding

23. BACKGROUND PAPERS

None

24. KEY

None

AUTHOR OF REPORT

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