



**West Northamptonshire Development
Corporation**

2010/11 Half Year Review

'Delivering in changing times'

1. Introduction

This is a review of the last six months of WNDC's delivery activity. It sets out the organisation's financial and strategic position, and highlights the progress we have made on our key projects. It also covers some of the significant changes that have occurred in the political and economic environment, all of which will have an impact on WNDC's ability to deliver.

2. Political Environment

During the last six months we have witnessed the biggest national political change for generations. In May 2010 a coalition Government took office, replacing the previous Labour Government. A Conservative Secretary of State, Eric Pickles MP, took charge of our sponsor Department, Communities & Local Government, and a Liberal Democrat Minister, Andrew Stunell MP, became our Sponsor Minister.

Both parties are committed to a 'localism' agenda – devolving powers from central to local government. WNDC has embraced this agenda, recognising that we are delivering on behalf of our primary customers, the local authorities. We are fulfilling a key role, using our specialist powers to deliver a wide range of complex, urban regeneration projects.

In line with the localism agenda, and the imperative to address the country's public sector debt burden, the government has announced a number of reforms to the planning and regeneration sector. At a regional level, Government Offices are being abolished and Regional Development Agencies are being replaced by Local Enterprise Partnerships (LEPs) which bring together local authorities and the private sector in voluntary partnerships.

In early September, proposals for a Northamptonshire county-wide LEP and a South East Midlands LEP, covering a similar area to the existing MKSM Growth Area, were

submitted to the Secretary of State for consideration. Whichever proposal is eventually agreed, WNDC will have an important delivery role to play.

3. Comprehensive Spending Review

On 20 October 2010, the Government unveiled the conclusions of its Departmental Spending Review for 2011/12 to 2014/15. Over the Spending Review period, the revenue budget of our sponsor department Communities and Local Government, will be reduced by 33% in real terms, while capital funding will fall by 74%. The majority of these cuts will be incurred during 2011/12.

The Housing Growth Fund will not continue beyond the 10/11 financial year. However, WNDC understands that we will continue to receive capital funding to invest in the regeneration of the area, via our sponsor department.

4. Organisational Changes

The Minister responsible for WNDC, Andrew Stunell MP, visited Northampton in September 2010. Recognising the progress that has already been made by the Corporation, the Minister announced that WNDC will complete its life as a more locally accountable delivery body. He re-iterated that the Corporation should focus on the transformation of Northampton town centre. This includes supporting the redevelopment of the Grosvenor Centre, Northampton waterside, Castle Station, the Avon/ Nunn Mills area, and the St John's/Angel St project.

During this delivery phase, the Minister proposes to change the board of WNDC so it becomes more locally accountable. Under the proposals, the board will be reduced from 13 members to 9. However, its board will still have 6 local authority members, therefore bringing the Corporation under majority local authority control.

This will mean that when the extended terms of office for Ann Tate, David Dickinson and John Farrow end on 31 December 2010, they will not be replaced. The Corporation will miss their considerable expertise and passion on the Board, as well as their valued involvement on the Planning Committees and the Audit & Risk Committee.

The coalition Government has re-iterated plans to transfer smaller-scale planning powers from WNDC to the local authorities, while signaling that the transfer of larger scale planning powers could follow when the local authorities are ready.

Subject to the agreement of Parliament, the threshold for applications determined by WNDC is set to be raised from 50 to 200 homes from April 2011. In addition, it has been announced that later this year the government will begin consultation on proposals to transfer the remaining planning powers at a later date.

Alongside this, WNDC is working with Northamptonshire Enterprise Ltd and North Northamptonshire Development Company to identify ways of working in even closer partnership. A joint member steering group has been established and is overseeing the production of a joint business plan. The new collaborative working arrangement will be designed to save money and deliver better results for the people of Northamptonshire.

Internally, the organisation has continued to evolve over the last six months. The second phase of restructuring to create a lean, fit-for-purpose organisation has been completed and the number of posts within the organisation is now around a third less than it was a year ago. We have also continued to recruit proven performers with the right skills, attitudes and behaviours to deliver.

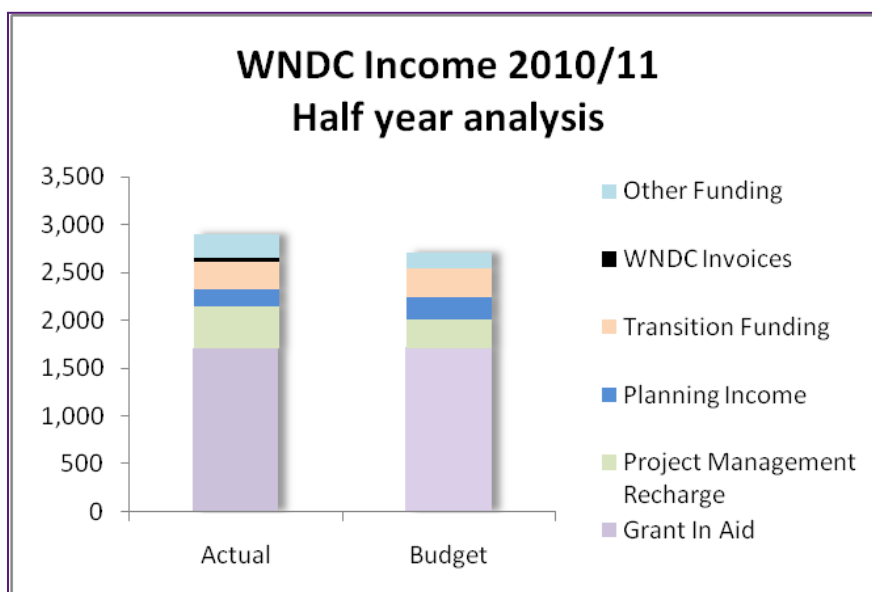
5. Financial Review

Financial Context

The economic climate, which influences WNDC’s ability to deliver, remains relatively volatile and uncertain. On some measures, the local economy is performing well with relatively high levels of employment and economic growth. However, it still performs less well than the UK average in terms of productivity and we face a particular challenge in raising skill levels in order to enhance our economic performance. It will be important to address the underperforming areas of the local economy, while maintaining investment in those areas with a strong track record for growth.

Operating Income

In the six months to 30 September 2010, WNDC received £2.9m of operating income which represented an overall increase of 7% on the 2010/11 budget forecast.



Revenue funding drawn down from CLG as planned amounted to

£2m with a further £290k of transition funding. Increased receipts from project management recharge for the period of £448k are a result of the level of capital growth fund invested in the first half of 2010/11.

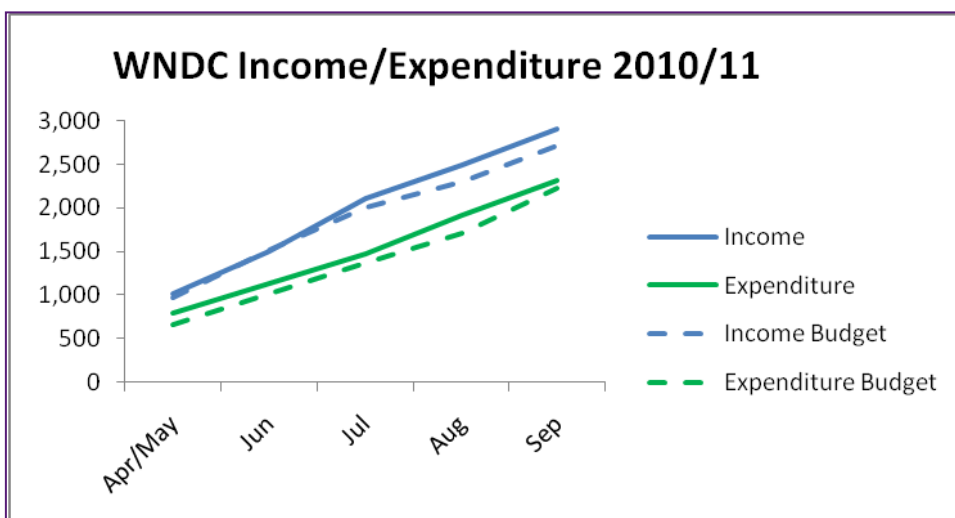
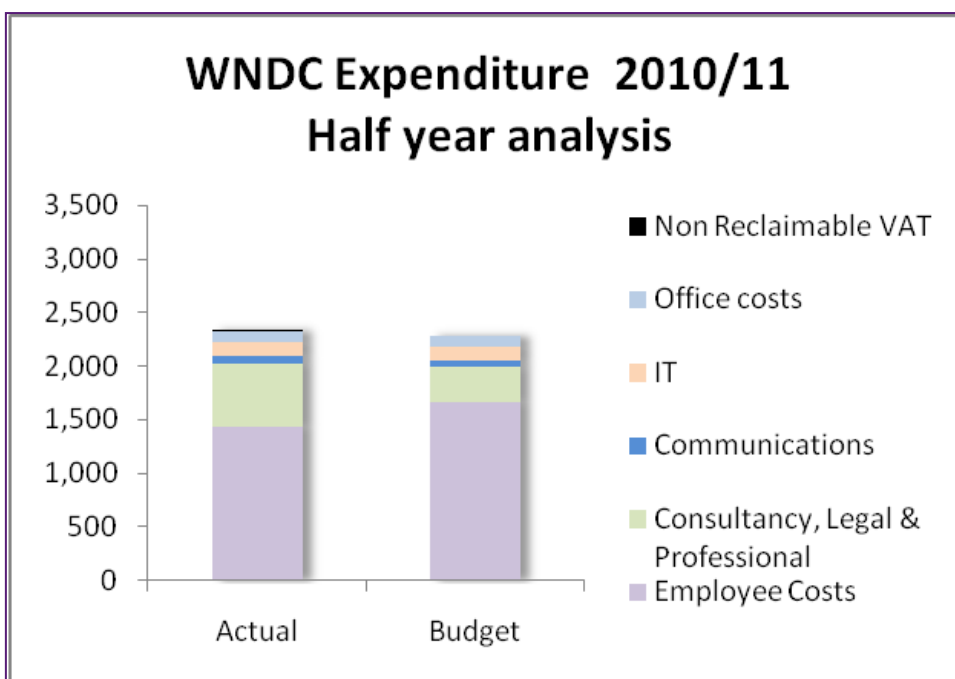
It should be noted that the amount of planning fees received in the first half of the financial year are 40% below forecast and 30% lower than for the equivalent period in 2009/10. It is difficult to predict which planning applications will be submitted, the process which triggers the payment and value of the fee, and when. In view of this and

the fact that planning fees in total represent only 10% of the total WNDC operating income it is not a cause for concern at this time.

Operating Expenditure

In the six months to 30 September 2010, WNDC operating expenditure was £2.3m, which represented an overall 8% increase on the 2010/11 budget forecast.

Included in this figure is an element of project expenditure which will be recouped from future funding. It should be noted that the 14% reduction in employee costs is a result of the internal restructuring the organisation has undertaken.

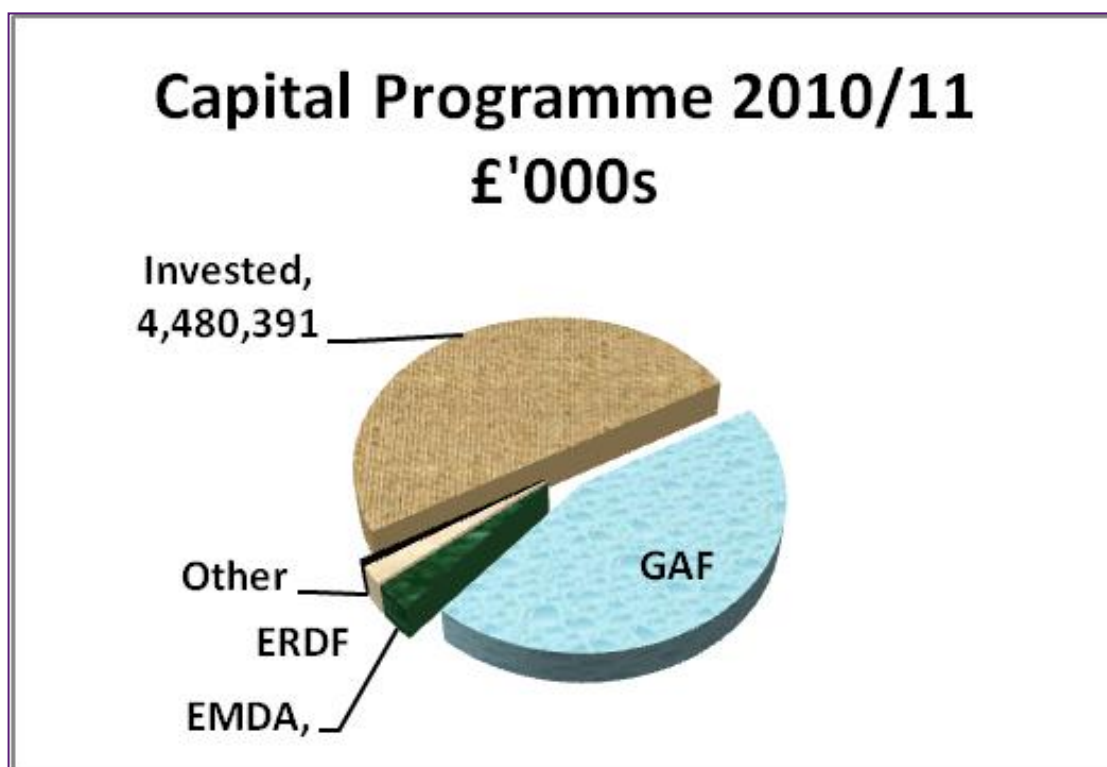


Capital Programme

WNDC manages a capital investment programme designed to transform local town centres, support business growth and empower the community.

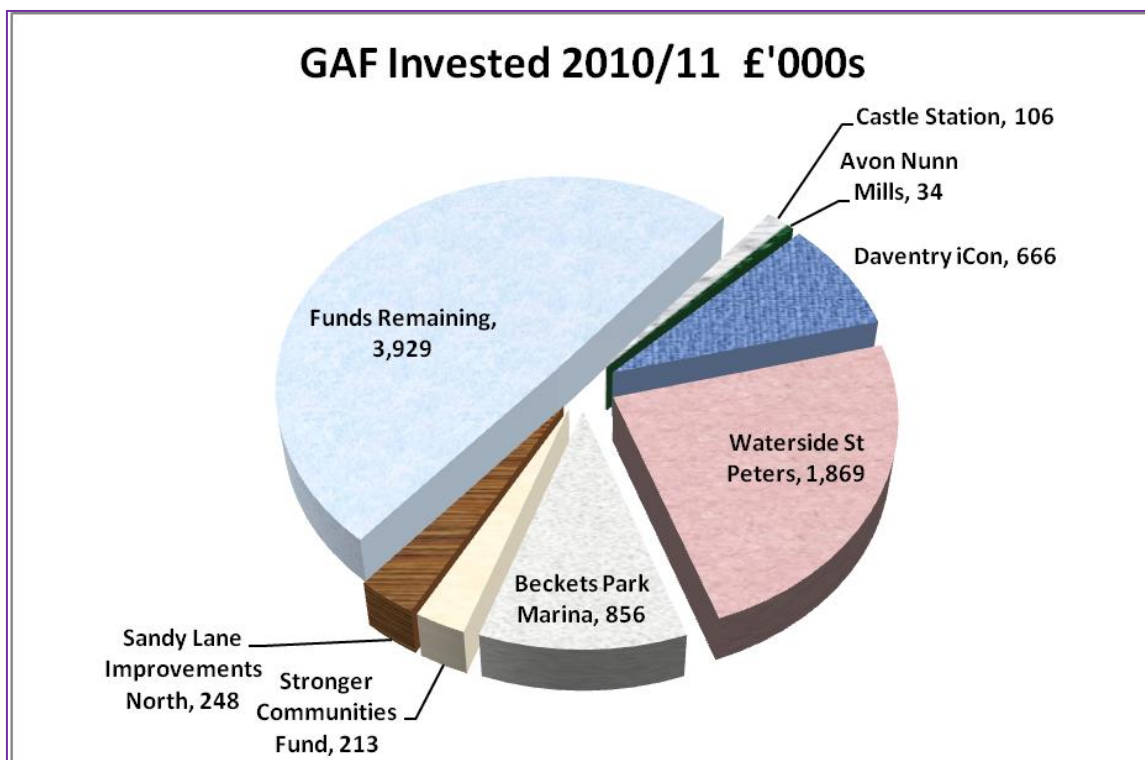
In addition to the Growth Area Funding allocation from central government, WNDC is actively seeking additional capital funding. Successful bids for European Regional Development Funding amongst others, have secured substantial capital resources for West Northamptonshire.

WNDC's current total capital programme exceeds £18m, of which £4.48m was invested in the first half of 2010/11 in site assembly and the development of key projects.



Growth Area Funding

The £8.265m capital funding for 2010/11 represents the final year of a three year central government allocation of Growth Area Funding. In the period to 30 September 2010, £4m has been invested in projects approved by WNDC’s Board - the majority of which will be delivered by the end of 2010/11.



Section 106 Contributions

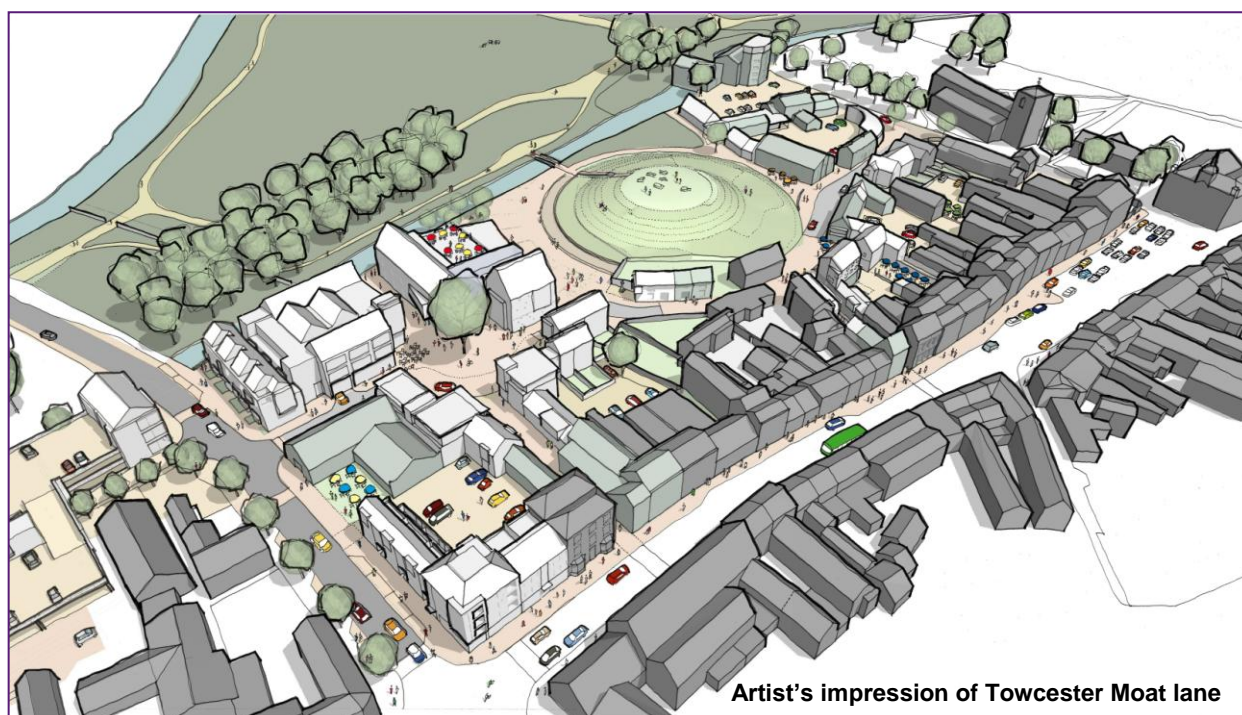
Through section 106 agreements, WNDC secures appropriate levels of developer contributions towards the infrastructure required to mitigate the impact of new development. The Corporation has secured nearly £50m in section 106 agreements since being established. Section 106 contributions are collected in stages during the course of a development and the Corporation has taken £3.7million in receipts to date.

Much of the agreed development infrastructure will be provided by local authority partners and therefore WNDC has promoted and agreed a protocol with these bodies which has enabled it to transfer specific section 106 funds. WNDC has invested over £2.5m in total, of which £1.6m has been transferred to local authorities in 2010/11.

6. Delivery Activity

Transforming town centres

WNSD continues to make strong progress on town centre regeneration schemes across Northampton, Daventry and Towcester. This is being achieved in close cooperation with the local authorities, who set the vision for the regeneration of the area.



In Northampton, a detailed masterplan for the redevelopment of Northampton's waterside has been completed and is being incorporated into the emerging central area action plan. The Corporation continues to prepare the area for regeneration and completed the acquisition of all commercially owned land in October.

The Becket's Park Marina is making excellent progress and the first phase of construction has been completed. Planning permission has also been granted by WNSD for the final phase of construction – a new facilities building.

Nearby, the redevelopment of Avon Nunn Mills is moving closer. In September, the Corporation's Board agreed to commence a compulsory purchase order to acquire a

strip of land that is in unknown ownership at the site of the former Nunn Mills power station and Avon Cosmetics site. The land will accommodate a new road which will facilitate the regeneration of the area, including up to 2,000 new homes and major commercial development.

Earlier that month, WNDC's planning committee was minded to approve the planning application for up to 400 new homes at the Ransome Road development site. The decision followed confirmation in August that WNDC will invest £2.3 million in vital junction improvements to support the scheme.

In Towcester, the Moat lane development is making excellent progress. Following the opening of the renovated Bury Mount and Water Meadows earlier this year, WNDC's planning committee was minded to approve the outline planning application for the wider mixed-use scheme. The process to procure a development partner has begun and has attracted a lot of interest from the private sector.

Supporting Business

It has been an important 6 months for the iCon centre for sustainable construction, which is due to 'top out' on 4th November.

Construction of the building has gathered momentum and has made a dramatic impact on the



local landscape. Its outstanding design has been widely recognised and in June the iCon won a Green Apple Award for Architecture and the Built Environment .

In the summer, a specialist design team was appointed to lead the redevelopment of Northampton's Castle Railway Station, which is set to provide an iconic gateway to the town, along with more capacity and better facilities. Hyder Consulting, in partnership with BDP Architects, has been appointed by Network Rail in partnership with the

Corporation. The design team has reviewed the masterplan and identified opportunities to make better use of available space and enable a more cost effective scheme.

Work continues to progress on the Sandy Lane Improvements North which is part funded by WNDC. It is the latest in a series of three new roads to the west of Northampton, supporting the regeneration and growth of the town.

WNDC has been working with Northamptonshire Enterprise to deliver priorities identified in the Strategic Northamptonshire Economic Action Plan (SNEAP). As part of this activity, we have funded a number of projects, including the Axis Forty Three office development in Towcester, which has received £175,000 to enable work to start on site. Nearby, WNDC's planning committee has approved a mixed-use development at the CWG site at Old Greens Norton road – a key regeneration priority in the Towcester masterplan. The development includes a new supermarket and two office units.

Empowering the Community

Construction Futures, the ground-breaking training scheme managed by WNDC, has been a huge success story for the area. In October the scheme started working in partnership with Tresham College – its second college in Northamptonshire. This means students from across the county can benefit from practical construction skills training.



The Construction Futures team is working with local authorities across the midlands who are seeking to establish similar training programmes of their own. Alongside this, a business plan has been established to help Construction Futures expand and sell its services to the public and private sector throughout the UK.

In August, a 'life changing' community centre at Upton Lodge Farm House was officially opened. It offers temporary accommodation, support and advice to local disadvantaged young people, providing them with the skills, knowledge and confidence to lead successful lives. The YMCA will run the centre, which has been funded by WNDC and the Homes and Communities Agency.

WNDC's Stronger Communities Fund has continued to award grants to voluntary and not-for-profit groups across the area, meaning WNDC has now invested nearly £800,000 in local community projects. The latest projects to benefit range from the Northampton and Rugby Athletics Club to the Northampton Carnival.

Marketing and Communications

WNDC has continued to engage with our key stakeholders, particularly the local community, through a wide variety of media. This includes our new website, which was launched in August. Our corporate communications activity has focused on liaising with the government as they reform the planning and regeneration sector.

Moving forward, our marketing and communications priorities will relate to the promotion of West Northamptonshire as a location for private and public sector investment. In line with the strategic changes to the organisation, this activity will be delivered in close partnership with Northamptonshire Enterprise Ltd and North Northamptonshire Development Company. Alongside this, we will continue to focus on bringing individual projects to the marketplace and promoting them to their target customers. This includes the iCon and Construction Futures.