

**OFMDFM & DSD - REVIEW OF ILEX
URBAN REGENERATION COMPANY
FINAL REPORT**

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February 2011

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Our Engagement

In accordance with the instructions of the Sponsoring Departments, OFMDFM and DSD, set out in their Terms of Reference, BDO Northern Ireland ("BDO"), and its associate, CMT Management Services, have conducted a Review of the Ilex Urban Regeneration Company.

BDO and its associate, as part of this overall engagement, has completed this Review based upon information provided by Ilex, the Sponsoring Departments and other relevant stakeholders, which we believe to be reliable and accurate, but which, without further investigation, cannot be warranted as to its accuracy, completeness or correctness. We acknowledge that this paragraph is without prejudice to the Sponsoring Departments' ability to rely on any assessments made by BDO and its associate in relation to the accuracy, completeness or correctness of such information provided as part of the Review.

We do not, in preparing this report and giving the opinions stated herein, accept or assume responsibility for any other purpose to whom it is shown (other than the Sponsoring Departments for the purpose of this Review) or into whose hand it may come. If others choose to rely on the contents of this report, they do so entirely at their own risk.

We emphasise that our enquiries would not necessarily disclose all matters of significance relating to the Ilex Urban Regeneration Company. We have not carried out any audit work on any financial information included in our report and we express no opinion thereon.

EXECUTIVE SUMMARY

1. Organisational Review

The Office of the First Minister and Deputy First Minister (OFMDFM) and the Department for Social Development (DSD) commissioned BDO in May 2010 to critically assess and evaluate the work of one of its 'Arms Length Bodies' - Ilex Urban Regeneration Company (Ilex URC) - since its inception. Such a review is required by Ilex's Management Statement and Financial Memorandum.

Ilex URC has been operating since 2003 and in 2005 it published a regeneration plan. It is currently working on a new regeneration plan and in the interim period has published a series of business plans and corporate plans. The Sponsoring Departments have therefore deemed it appropriate to critically assess and evaluate the impact, outcomes and outputs of the work of the company to date.

More specifically, the organisational review of Ilex URC seeks to address a number of areas, encompassing: need, effectiveness, operation, value for money and future direction of Ilex, and to provide recommendations in relation to change or improvement as appropriate.

Details of the Terms of Reference are contained in Section 1.

2. Review Methodology

Our approach to the review of Ilex URC has been grounded in the following design principles:

- Comprehensive immersion in the Ilex URC organisational issues and context;
- Building and maintaining effective stakeholder communication;
- Transparency and openness;
- Being proactive and energetic; and
- Achieving the right balance between 'looking back' and 'looking forward'.

More specifically, our project methodology has combined desk research, telephone surveys, structured interviews, benchmarking, focus groups, an online Ilex staff survey and various stakeholder workshops. The review process has contained multiple elements spread over a number of months and therefore represents a rigorous and comprehensive assessment of Ilex's past, present and future plans.

As noted above, the Terms of Reference required a review of the organisation for the full seven year period from commencement.

Further details of our approach are contained in Section 2.

3. Organisational Context

The key conclusions from our review of the organisational context in which Ilex URC was established and has been operating are detailed in Section 3, as follows:

- *Derry-Londonderry remains a very challenging area from a regeneration perspective* - the city has a multitude of socio-economic constraints including ingrained persistent disadvantage in terms of unemployment, economic activity and qualification which will require time and concerted efforts by all the key stakeholders to resolve. There are challenges in bringing together people who have been divided across sectarian, community, economic, ideological and identity issues and in creating one voice, to determine the future for the City, and to be involved in the delivery of the Regeneration Plan. Attention to equality is particularly important. Whilst the Regeneration Plan has not been delivered within the timescale set, when account is

taken of the complexity of local political, community and organisational inter-relationships, the successful articulation and delivery of a cohesive vision for change owned by all key stakeholders - through the widely consultative Regeneration Plan Mark II - is likely to be a significant achievement by Ilex URC;

- *Ilex URC has an ambitious vision and objectives* - whilst the timescales for substantial urban development are medium to longer-term, it is clear from the history of Ilex URC that much was expected of it from the very outset, both in terms of regeneration planning and the development of Ebrington and Fort George. Specifically, these two pivotal sites were expected to '*fuel partnership-led drives to capitalise fully on tourism, the Walled City heritage, education and revitalisation of the riverfront*'¹;
- *Ilex URC faced a number of significant challenges in the early years* - there were tensions in government at the political level when Ilex was created and the organisation experienced a number of changes in leadership in its formative years. The latter factors were undoubtedly distracting and inhibiting. As a consequence, the first regeneration plan did not 'take root' and actual physical development activity at the two sites in the first 3 to 4 years was relatively limited;
- *Ilex URC has subsequently benefitted from key Board and internal appointments* - over the last 2 to 3 years, the organisation has experienced greater stability with the appointment of the current Chairman (2007) and Chief Executive (2009) and the leadership that they have brought. The new senior leadership team has identified and progressed a number of areas for improvement within the organisation and undoubtedly traction is now being achieved;
- *Returns on investment have still to be fully realised* - whilst we have highlighted continuing issues around underspending by Ilex (and the need for improvement in project and financial management) and the difficulties this creates within central government, significant investment of capital and revenue monies has undoubtedly been made in and through Ilex over the last 7 years. The return on these monies - in the form of a finalised regeneration plan and developed sites - has still to be fully realised albeit that the economic climate is likely to become more difficult; and
- *The success of the UK City of Culture bid presents real opportunities* - both for the city and for Ilex to leverage progress in relation to its core objectives. Whilst, significant challenges remain - in terms of local and national economic conditions - we believe that the City of Culture status, together with the momentum from the launch of the draft Regeneration Plan Mark II, provides a potential platform for regeneration activity.

4. Organisational Performance

The key conclusions from our review of organisational performance are detailed in Section 4, as follows:

- *Ilex has fulfilled an important role as facilitator and coordinator* - it is evident from the long list of key activities undertaken by Ilex URC that the organisation has become 'embedded' in the city and region, and has played a significant role as facilitator across a range of relevant projects and key stakeholder groups - not least of which has been the successful UK City of Culture Bid 2013 and the recently launched Regeneration Plan Mark II;
- *Our analysis suggests areas of strength and improvement in recent years* - key achievements relate to the company's role in the UK City of Culture 2013 bid, improved stakeholder engagement and the consequent Mark II Regeneration Plan. These signs of recent progress contrast with the early challenges experienced by the organisation;
- *However, particular concerns relate to programme and consequent financial management issues* - whilst there have been unexpected events outside the organisation's control, Ilex has underperformed over the seven year period reviewed on the delivery of targets for Fort George and Ebrington. The level of underspend has been

¹ Ilex URC Annual Report 2003/04

significant, despite the efforts of Ilex staff to achieve the targets set, and evidence of more accurate forecasting in the February 2009/10 Monitoring round. The appointment of a new Director of Corporate Affairs should assist with this issue;

- *There is much still to be done in relation to its original vision and objectives* - many of the achievements of Ilex over the last seven years, in the view of BDO, do not contribute directly to progress against the finalisation of a regeneration plan and physical development on the sites at Fort George and Ebrington. However, the current leadership team has brought greater focus to the company's remit and a more positive atmosphere conducive to partnership-working is evident; and
- *Current 'best practice' for ALBs has particular relevance for Ilex URC* - there has been positive progress in the last 2 to 3 years but more could be done to prioritise the development of a cooperative and collaborative working relationship between Ilex and central government.

5. Stakeholder Feedback

The key conclusions from our consultation work with stakeholders (external and internal, including staff) are detailed in Section 5, as follows:

- *Stakeholders recognise that Ilex URC was established with significant challenges* - reflecting the political environment at that time and a combination of regeneration planning (strategic) and site delivery (tactical) objectives. Looking ahead, consultees believe that the context will become perhaps even more challenging from a financial, economic and political perspective;
- *Performance from commencement to date is considered to be 'disappointing'* - this perception is held by stakeholders because of the lack of physical delivery on the two sites at Ebrington and Fort George, together with delays in relation to the current Regeneration Plan. It is acknowledged that the consultation process around the current regeneration plan has been extensive, and whilst this has addressed the concerns of some stakeholders regarding inclusiveness, it has also led to delays in finalisation of the draft. Stakeholders also suggested that Ilex had missed opportunities in the early years for 'quick wins' in relation to its objectives. However, consultees recognised the positive impact of recent changes to the posts of Chief Executive and Chair, and what has been achieved since their arrival;
- *Stakeholder engagement has improved but requires further improvement* - with progress particularly evident over the last 18 months. The response to the current draft regeneration plan will clearly indicate the extent of ownership of the strategic process by local stakeholders and the opportunity for Ilex to build more effective relationships with private sector developers in particular. In addition, various consultees highlighted the need for Ilex to balance its operational independence from government with a responsibility to work within a strong governance framework;
- *Ilex is perceived to require organisational improvements* - with a number of stakeholders including staff, raising concerns regarding the degree of collaboration within the organisation and the scope for improvements to both operational and personal performance management. We are aware of recent steps to align performance to a new Balanced Scorecard. Stakeholders have also highlighted the need for process and system improvements at Ilex URC to enhance organisational effectiveness, including further traction in the area of project/programme management;
- *Further work is required in the area of financial management* - whilst not all consultees could comment on the operational detail, the Sponsoring Departments raised concerns regarding the ability of Ilex URC to deliver accurate and substantive financial information. This view was reflected across a number of areas including business case preparation, budgetary management (with forecasts viewed as repeatedly being too 'aspirational') and risk management. These issues were considered pivotal to the establishment of effective working relationships between Ilex URC, its Sponsoring Departments and stakeholders more broadly;
- *A variety of views were expressed regarding future priorities* - these included: the completion of the second regeneration plan; regaining focus and accelerated physical

delivery of the two sites; continued strong and stable leadership to drive regeneration in the Derry area, through strategic partnerships with relevant bodies/agencies; building effective relationships with the Sponsoring Departments; completion of the Peace Bridge and ensuring DRD adoption; and a focus by Ilex URC on effective internal operational systems;

- *Stakeholders were unanimous in the need for change* - there was unanimity on the need for the organisation to embrace further change and to focus on its core objectives to deliver practical and physical achievements. This view reflects the acknowledgement by the Ilex URC Chairman that there had been limited progress over the early period from commencement in relation to organisation objectives, but that momentum is now being achieved; and
- *Ilex's remit could be absorbed in due course* - recognised by various stakeholders, including Ilex. Whilst Ilex acknowledge that setting a time limit on its existence is desirable, their suggestion of 2020 appears inappropriate given the need for progress on regeneration in the shorter-term and potential developments expected under the Review of Public Administration.

6. Benchmarking Review

Our agreed project methodology encompassed benchmarking of Ilex's progress against three analogous areas (Sheffield, Belfast and Newry). This is not easy given the differing contexts within which regeneration must be undertaken and each is clearly not equivalent. However, the key conclusions from our review of benchmarks are detailed in Section 6, and are as follows:

- *The challenges faced by Ilex are specific to the city* - whilst the benchmarks were carefully suggested by the Project Steering Group, it would be unreasonable to suggest that any or all of the comparators are directly comparable to the context in which Ilex has operated. However, there are a number of observations which usefully emerge to supplement our review;
- *The lack of an acceptable regeneration plan to date has been a hindrance to progress by Ilex URC* - Ilex had a number of 'false starts' attributable to a variety of factors. As a consequence, early progress was slower than might otherwise have been expected. However, there are indications that the success of the UK City of Culture bid will provide impetus. In addition, finalisation of the Mark II Regeneration Plan will be critical as a means of framing and underpinning future delivery;
- *Project management, partnership working and team cohesion are fundamental to successful regeneration* - whilst progress has been made, further progress is needed in relation to each of these elements at Ilex URC;
- *Ilex has not secured the necessary level of private sector commitment* for investment in the Fort George and Ebrington sites. There has been no private sector funding for capital projects on the two sites and the level of engagement with private sector funding organisations, even pre recession, has been minimal. We note that the delivery strategy for the site has not yet been agreed between Ilex and the Sponsoring Departments;
- *Ilex needs to focus more on the delivery of projects on the ground* - as a means of building trust, confidence and momentum. The successful completion of 'flagship' projects in Sheffield and Laganside were perceived to be crucial to the longer-term regeneration efforts;
- *Ilex could and should leverage greater benefits from its ALB status* - which will necessitate a better recognition within the organisation of the balance between the freedom to operate bestowed by ALB status and the importance of working effectively within a Northern Ireland public sector support context;
- *Ilex should have a target defined lifespan* - from our benchmark review, the work of an urban regeneration company is generally timebound to provide focus and to recognise that the challenges - and hence responsibilities - evolve. Laganside was in operation for 18 years (1989- 2007). Regeneration at Sheffield has evolved since 2000 and is ongoing, since 2006, through the Economic Development Corporation, Creativesheffield; and

- *Ultimately, it is our assessment that progress through Ilex URC to date has been slower and the corresponding impact on urban regeneration consequently less than would have been anticipated* - whilst it is clear from our benchmark review that urban regeneration is both complex and takes time, and whilst the organisations/areas reviewed are not equivalent to Ilex URC, the actual outturns achieved in Sheffield, Laganside and in Newry over time periods similar to the lifespan of Ilex URC have been measurably better. We do note that timing is critical - Laganside achieved relatively little in the first 5/6 years, but was able to demonstrate progress by year 7, including private sector investment. Equally, whilst in operation 7 years, Ilex made little progress in the first 3 to 4 years. This reflects the difficulties experienced by Ilex in the early years and reinforces the importance of maintaining recent momentum.

7. Review Conclusions

7.1 *Need - a critical examination of the continuing need for the company*

The extent to which Ilex URC is needed must be considered relative to each of its core objectives, namely:

- The creation and promotion of the coordinated regeneration of the Derry City Council area; and
- The economic, social and physical regeneration of Ebrington and Fort George.

These are constrained economic times which demand careful assessment of the value added by 'Arms Length Bodies'. However, based upon the outcomes of our review, we would assess the need for Ilex URC against these objectives as follows:

- *The creation and promotion of the coordinated regeneration of the Derry City Council area:*

In light of recent achievements, our assessment would be that Ilex URC is the best party to complete the current regeneration planning process, and to see it through to finalisation. It would not be either effective or efficient to transfer responsibility at this stage to another organisation and would undermine the planning process. Ilex URC has completed the baseline survey, engaged throughout with all key stakeholders, and drafted the corresponding emerging priorities. As a consequence, it also remains the preferred vehicle for development of the investment plan and associated delivery mechanisms in the short-term i.e. the next 3 years.

However, notwithstanding that the regeneration work for the city/region is likely to extend well beyond the short term, there are a range of views as to whether Ilex should continue to retain ownership of the regeneration planning objective into the medium term. The regeneration policy remit predominantly resides within DSD at the regional level, although the emerging preference for ensuring coordination and collaboration at a local level is towards local authorities, both nationally and internationally. Derry City Council (or DSD) could therefore ultimately become 'owners' of the regeneration planning objective, subject to the completion of a further review of Ilex URC and the outworking of the Review of Public Administration.

Such considerations can be further determined at the date of the next review of Ilex.

- *The economic, social and physical regeneration of Ebrington and Fort George:*

The value of retaining an independent arm’s length body to manage the development of the two sites has been the subject of some deliberation and debate across the various stakeholder groups. Coupled with this, our comprehensive consultation and benchmarking process highlights that further progress in relation to the development of the two sites could have been anticipated over the last seven years, although recognition that the last 3/4 years have seen greater activity and progress.

Therefore, the original principles remain valid - an arm’s length body could and should be able to provide greater focus and leverage to the development challenge. Our view is that Ilex URC again remains the preferred vehicle for delivering this objective in the short-term i.e. over the next 3 years. The completion of the Regeneration Plan for the city in the coming months, coupled with the renewed focus on agreeing a delivery strategy, should also facilitate further development of the two sites. Given the challenges faced in accessing development capital in the current economic climate, more effective relationships with the private sector in respect of development will be critical.

Once more, Derry City Council (or DSD) could assume ultimate responsibility of this objective. The timing of transfer of this responsibility will be considered in the next review of Ilex, having regards to the progress made, the future implementation plans and the outworking of the Review of Public Administration.

Further detailed consideration is provided in Section 7.

7.2 Effectiveness

Effectiveness Targets	Conclusions
Achieving Corporate and business plan targets for the creation and promotion of the coordinated regeneration of the Derry City Council area:	<p>Our assessment is that whilst there have been a number of significant challenges, Ilex URC has further work to do to achieve the objective of creating and promoting the coordinated regeneration of the Derry City Council area.</p> <p>The current regeneration planning process should provide a platform for successful development of the city and region.</p> <p>The nature of the response to the draft plan over the coming months will be crucial to the achievement by Ilex URC of this objective going forward.</p>
Achieving Corporate and business plan targets for the economic, social and physical regeneration of Ebrington and Fort George	<p>We recognise the challenges faced by Ilex URC in relation to delivery at both Fort George and Ebrington.</p> <p>However, whilst physical regeneration is clearly a slow and complex process, the only conclusion possible at this stage - when consideration is given to our performance, consultation and benchmarking outputs - is that the objective of economic, social and physical regeneration of the two sites has still to be achieved. This will require more effective engagement by Ilex URC with the private sector and more focus and attention going forward.</p>
Development of Strategy	<p>We would conclude that whilst the corporate planning process appears coherent and well structured, more should be done by both Ilex URC and the sponsoring departments to interrogate and review the organisation’s strategic plans pre- and post-finalisation.</p> <p>We would also concur with the recent Gateway Review of Ilex which specifically recommends (as ‘critical’) the creation of a small senior group made up of representatives of the organisation and its sponsoring departments to facilitate enhanced alignment around planning and review of performance.</p> <p>We would also encourage Ilex to prioritise the development of an effective and mutually beneficial relationship with the private sector developers/investors to underpin regeneration activity going forward.</p>

Effectiveness Targets	Conclusions
Business Planning	<p>We would conclude that Ilex could do more to ensure that its business plans are achievable. This will require a better balance going forward between future potential and lessons learned from previous implementation challenges. This would also suggest that a more effective 'feedback loop' is required in the organisation's planning regime to ensure that lessons learned from previous planning cycles are appropriately captured and applied.</p> <p>The more structured and regular engagement between Ilex URC and the sponsoring departments (as noted above) would also assist with business plan review and consequently inform future plan development.</p>
Definition of Deliverables	<p>We would conclude that Ilex URC needs to achieve target deliverables to reinforce perceived credibility and capability - and again that it could benefit from some of the conclusions above in relation to departmental meetings, feedback mechanisms, etc</p>
The future demands upon Ilex URC as a result of the implementation of the new regeneration plan	<p>We would conclude that Ilex URC now needs to ensure that all internal and external factors are addressed to ensure that, where possible, it can deliver on the expectations created by the new Regeneration Plan. This includes agreement on the delivery strategy as a priority, as well as addressing issues arising in respect of programme and financial management.</p>
Working in co-operation with key stakeholders	<p>Ilex URC and its Sponsoring Departments must work together to ensure a more effective working relationship. Equally, Ilex must engage proactively with the private sector developers, and capitalise on growing confidence in the city.</p>
Adding strategic value beyond that which might otherwise have happened without it	<p>We would conclude that Ilex can point to a number of significant achievements, namely the planning process for the Regeneration Plan, the Peace Bridge and the successful UK City of Culture award, which, in the absence of the current Board and management team, might not have been achieved.</p> <p>Tempering this, however, is the view that more could have been done, and that the lack of momentum, pre recession, when development capital and government funds was more plentiful, resulted in a lost opportunity for the city.</p>
Attracting additional private sector investment	<p>Attracting private sector development capital will be critical. As a first step, Ilex and the Sponsoring Departments must work in tandem to agree a delivery strategy for the two sites.</p> <p>A process must be established for engagement with the private sector, exploiting the linkages which exist at a regional, national and international level.</p>
The effectiveness or otherwise of its board members and senior staff	<p>Our review would suggest that Ilex URC has made some improvements in the last couple of years - following interventions by the current Chairman and Chief Executive - but that there are other outstanding areas for change and development. A number of these are crucial to the future effectiveness of the organisation and should therefore be prioritised.</p>
Identifying barriers to effectiveness external to the company that need to be addressed	<p>Our review would conclude that it is imperative that an effective delivery strategy is worked out with the Sponsoring Departments, which gives clarity to Ilex in its discussion with potential investors.</p>

7.3 Organisation

Organisational Element	Conclusions
Organisation Design	<p>We would concur with the recent Gateway Review when it recommends (as 'essential') seconding staff with business case and associated programme governance skills into Ilex.</p> <p>Senior management teamworking should continue to improve as a means of underpinning organisational success.</p>
Operational & Personal	<p>The new organisational structure, with the proposed new Director of</p>

Organisational Element	Conclusions
Performance Management	<p>Corporate Affairs, should go some way to ensuring efficiency and effectiveness of organisational delivery. It will also ensure that there is an appropriate correlation of team capabilities with challenging responsibilities.</p> <p>In addition, further work is required in relation to organisational development and enhanced performance management within Ilex URC to effectively underpin the successful achievement of corporate objectives.</p>
Processes, systems and controls	<p>We would conclude that the alignment between project and financial management could be further improved. This remains an area of concern for the sponsoring departments and will need to be addressed as soon as possible by Ilex URC.</p>
Context specific KPIs	<p>We would recommend that proposed SMART annual KPIs are discussed and interrogated fully in conjunction with the sponsoring departments, before finalisation. This 'forward looking' or strategic meeting could occur in June of each year, and encompass the Ilex Chair and CEO with Senior Officials from each of the two sponsoring Departments.</p> <p>In turn, ongoing performance against KPIs could be reviewed in November of each year at an 'operational' meeting to encompass the Ilex Chair, CEO and Senior Officials from each of the two sponsoring Departments. In addition, this time of the year might be an appropriate juncture for a joint session between Ministers and the Board of Ilex URC.</p> <p>We would also suggest that the current operational liaison meetings should be retained.</p>
Outcome review and evaluation	<p>We would conclude that Ilex URC should reinforce the value of outcome assessment and instigate whatever processes and mechanisms are required for longer-term monitoring and evaluation of same.</p>
Reporting and controls	<p>We believe that timely and robust reporting will maintain stakeholder buy-in. Consequently, we conclude that the current practice of monthly operational liaison meetings between Ilex URC and the sponsoring Departments should continue and should focus on delivery and outcomes.</p> <p>This practice could also be supplemented by specific project-based governance arrangements to ensure effective monitoring and reporting regimes for areas of significant capital spend going forward.</p> <p>Consequently, we would suggest that ideally only one department is required to sponsor Ilex - but that if two departments remain then greater coordination of departmental communication and enhanced demarcation of responsibilities should be evident. In addition, the department(s) should only seek to attend the organisation's Audit Committee and not Board.</p>

7.4 Value for Money

Value for Money	Conclusions
<p><i>Value for Money</i> - a critical examination of all aspects of the funding arrangements for Ilex URC, its management of public funds and the value for money and measurable outputs delivered by the company;</p>	<p>We would conclude that at this stage, Ilex URC has still to demonstrate value for money. Whilst progress has noticeably improved over the past 2 to 3 years, significant monies have been committed to the organisation and the substantive desired outcomes relating to both planning and site development have yet to be fully realised.</p> <p>Regeneration by its very nature is a long-term programme of work and is complex - even more so in Derry-Londonderry - but the common view expressed to BDO by stakeholders during the course of our</p>

Value for Money	Conclusions
	review of Ilex URC, is one of relative disappointment in relation to progress and impact over the period from commencement, whilst recognising that there is a current momentum which must be capitalised on.

7.5 Concluding Remarks

On the basis of the conclusions above, we would suggest that - under the terms of the organisation's Financial Memorandum - Ilex URC should become subject for review once again in 2014. This would coincide with the end of the UK City of Culture year and the anticipated outworking of the Review of Public Administration - which should both be informed by and inform the work of Ilex URC.

8. Options for Future Structure

The final stage of our review of Ilex URC is to explore the implications of our conclusions for the future direction and delivery options/mechanisms for the organisation. We present in Section 8 potential options and corresponding associated opportunities and challenges for delivery.

We have identified the following options for exploration:

- Option A: 'Extended Remit';
- Option B: 'Reduced Remit - Strategic';
- Option C: 'Reduced Remit - Delivery';
- Option D: 'Managed Transition'; and
- Option E: 'Status Quo Plus'

In relation to each option, we have considered:

- Option Overview - providing details of the nature and scope of the option;
- Opportunities - identifying the potential advantages of the particular option concerned;
- Challenges - identifying the potential disadvantages of the particular option concerned; and
- Concluding Remarks - our conclusions in relation to each option.

A summary of the conclusions reached in relation to each option is presented by the table below:

Option Forward	Conclusions
Extended Remit	It is difficult to envisage under this option how and why extended powers for Ilex URC could enable more effective delivery of objectives or represent better value for money. We do not believe that the difficulties experienced by Ilex URC to date can be attributed directly to a lack of organisational power or authority, or to the ownership of the two sites. Consequently, we do not see this as a realistic option for further consideration.
Reduced Remit - Strategic	This option appears inappropriate given our conclusions in section 7 regarding the continued need for Ilex URC in the short term i.e. the next 3 years. As a consequence, this option does not warrant further consideration.
Reduced Remit - Delivery	This option appears inappropriate given our conclusions in section 7 regarding the continued need for Ilex URC in the short term i.e. the next 3 years. As a consequence, this option does not warrant further consideration.
Managed Transition	This option appears inappropriate given our conclusions in section 7 regarding the continued need for Ilex URC in the short term i.e. the next 3 years. As a consequence, this option does not warrant further consideration.
Status Quo Plus	This option has considerable merits in that it represents a basis for responding to the conclusions of our review in section 7. It would appear to address the issues raised by our review and presents clarity

Option Forward	Conclusions
	for Ilex URC in relation to its future remit and timelines. We recognise that the work of regenerating Derry-Londonderry will extend into the longer term, but believe that the current powers of Ilex URC could transfer in the medium term to Derry City Council, DSD or other delivery partners (including the private sector) - subject to the review of Ilex URC in 2014 and the outworking of the Review of Public Administration.

On the basis of our review, we would therefore suggest that the preferred delivery model going forward is represented by 'Option E: Status Quo Plus'. This scenario envisages the continuation of Ilex URC for at least the next 3 years, with immediate significant revisions to operations, a further organisational review before the end of 2014, and the expectation - subject to that review and outworking of RPA - that the organisation could wind down operations by 2016. This decision will however be informed by the 2014 review.

9. Recommendations for Action

The table in Section 9 summarises the key actions arising from our review of Ilex URC. Critical next steps to position the organisation to deliver would appear to be as follows:

- Urgently complete and sign-off the delivery strategies for the two sites and the current Regeneration Plan;
- Improve the alignment of project/financial management and further consider the organisation's resource and skills base in order to ensure rapid progress of business cases and approvals through government accountability requirements;
- Further organisational development to augment capability to deliver and organisational governance;
- Consideration of a single Sponsoring Department to improve alignment between Ilex and Government in order to balance flexibility of operation with accountability;
- Enhance corporate planning and reporting regimes across Ilex and the Sponsoring Department(s); and
- Build further the relationship with the private sector in respect of the development of the two sites.

Ilex URC was established in 2003 but struggled in the initial years to make an impact. Significant flux across political, departmental and organisational environments - including changes to key leadership positions - coupled with the substantial regeneration challenges evident in Derry-Londonderry, contributed to a lack of traction until the current Chairman and Chief Executive assumed their positions in 2007 and 2009 respectively. The achievements in the last couple of years - encompassing a new draft Regeneration Plan compiled through broad-based stakeholder consultation, together with Ilex's contribution to the successful City of Culture bid - are therefore welcome and significant. Such progress suggests that a real springboard for action and results through Ilex URC now exists.

The organisation has been the subject of criticism from a variety of stakeholders since its establishment. This has encompassed project and financial management, the need for more effective corporate governance, and the lack of progress with regard to physical regeneration within the city, etc. Our review has tended to support these criticisms, but recognises the positive momentum of the last couple of years. We are clear that the current window of opportunity for further improvement must be grasped fully by Ilex URC. It is reasonable to expect such progress within the next 3 to 5 years on the basis that there is stability in the current organisational leadership.

This will require a galvanised, focused and capable Ilex addressing the areas for improvement identified within Section 9 of our report, and working in a 'joined up' manner with its sponsoring departments, Derry City Council and other key local stakeholders to deliver fully on its objectives.

1. INTRODUCTION

1.1 Background

The Office of the First Minister and deputy First Minister (OFMDFM) is a fully functioning Department of the Northern Ireland administration with a wide range of responsibilities. The strategic objectives of the Department include supporting Ministers and the institutions of government, building a programme for government, promoting better community relations and targeting social need and promoting social inclusion.

The Department for Social Development (DSD) amongst other matters, has strategic responsibility for urban regeneration. The Department's policy objective for regeneration is to promote and implement a comprehensive approach to tackling social, economic and physical regeneration and redressing disadvantage in cities and towns.

Ilex Urban Regeneration Company (URC) was established on 17 July 2003 with two members, OFMDFM and DSD who fund and are accountable for the company. Ilex is a company limited by guarantee and was created to promote a deliverable vision for the regeneration of the Derry City Council area, to secure the commitment of all stakeholders to that vision and to pursue its implementation.

Ilex has specific responsibility to maintain and regenerate two former army bases:

- Ebrington (owned by OFMDFM) which covers 26 acres; and
- Fort George (owned by DSD), a 14-acre brown field site.

The functions, duties and powers of the company are set out in the Memorandum and Articles of Association, and in the Members Agreement.

1.2 OFMDFM

According to the Public Service Agreement 2006/07 for OFMDFM, the Department has two core objectives, namely:

- To assist Government in making and implementing well-informed decisions and improving public services; and
- To promote equality of opportunity, human rights and improved community relations, tackle poverty and social disadvantage, and meet the needs of victims and survivors

The first objective above encompasses 4 target areas, namely:

- To work with Ministers, Departments and others to secure good government, well-informed decisions, excellence in policy and legislation making and high quality services responsive to customer needs;
- To agree a timetable for the implementation of the Review of Public Administration;
- To continuously improve public services through development of electronic delivery channels; and
- Working with the Department of Finance and Personnel and the Strategic Investment Board, to provide the necessary policy and guidance framework for PPPs and PFI.

1.3 DSD

According to the DSD Corporate Plan 2008 - 2011, the Minister's priorities are:

- Investing in housing and addressing the housing crisis;
- Building communities, tackling disadvantage and encouraging social responsibility; and

- Creating vibrant cities, towns and urban areas.

In relation to the third priority, the plan commits to:

- Ensuring significant progress on key retail-led sustainable and integrated regeneration schemes in a range of towns and cities throughout NI;
- Progressing sustainable and fully integrated high quality public realm projects in a range of towns and cities throughout NI;
- Promoting the integrated development of urban areas in NI through support of masterplan development to determine priorities and usages;
- Engaging the private sector to encourage and promote private sector development and the regeneration of town and city centre and inner city areas; and
- The significant regeneration of the Fort George site in Derry/Londonderry and the Crumlin Road Gaol/Girdwood site in line with an agreed masterplan which will make a major contribution to economic and social revitalisation of the immediate area.

DSD contributes to 6 Public Service Agreements (PSAs) in the Programme for Government, namely:

- PSA 7 - making people's lives better by driving a programme across Government to reduce poverty and address inequality and disadvantage;
- PSA 11 - driving investment and sustainable development; driving sustainable long-term investment in our key infrastructure and promoting sustainable development across the public sector, business and wider society. This PSA includes an objective to 'regenerate former military sites to promote economic growth and for the benefit of local communities';
- PSA 12 - housing, urban regeneration and community development - promoting decent, energy efficient, affordable housing and regenerating disadvantaged areas and towns and city centres, and supporting community development to create environments which enhance quality of life and contribute to well-being;
- PSA 20 - Improving public services;
- PSA 21 - Enabling efficient Government; and
- PSA 22 - promoting sustainable development and reducing our carbon footprint to improve the quality of our natural and built environment and heritage.

1.4 Ilex URC

According to the Ilex URC Corporate Plan to 2012, the organisation's purpose is:

'to bring people and organisations together to make Derry/Londonderry a place in which people passionately want to live, learn and invest.'

As a consequence, the Ilex URC Mission as per this plan is:

'to create and promote a deliverable vision for Derry/Londonderry's regeneration, to secure the commitment of all stakeholders to that vision, and to pursue, single-mindedly, its implementation.'

The organisation's Values according to the 2012 Corporate Plan, encompass:

- Responsiveness to stakeholders;
- Respect for citizenry;
- Excellence in quality;
- Innovation in delivery;
- Addition of value to others' efforts;
- Value for money; and
- Nolan principles of Conduct in public life.

1.5 Context for the Review

The current Ilex URC corporate plan sets out the organisation's priorities and objectives. It details a programme for delivery over the period 2009-2012, along with details of resource requirements and income and expenditure proposals to achieve its regeneration plan.

Specifically, the current Ilex URC corporate plan identifies four key objectives:

- the creation and promotion of the co-ordinated regeneration of the Derry City Council area;
- the economic, social and physical regeneration of Ebrington and Fort George;
- corporate governance arrangements; and
- sustainable development.

The company's key activities to date have included:

- the production of a baseline analysis (the Indecon Report);
- publication of an initial regeneration plan for the city (December 2005);
- co-ordination of an Integrated Development Fund bid to facilitate targeted regeneration projects;
- publication of an Ebrington Master Plan (2006), initial site works and commencement of works on Cunningham Square;
- publication of a Fort George Master Plan (December 2007);
- review of the organisation by the incoming Chairman (June 2008);
- the production of a tourism strategy; and
- getting the Peace Bridge project underway with a completion date in 2011.

In 2007, Chairman Sir Roy McNulty undertook an '*assessment of what was required for regeneration at Ministers' request*' (Executive paper). His report in 2008 focused upon the regeneration challenge in the city, and was endorsed by the Executive. The latter concluded that whilst much good work had been done by Ilex URC, there had been a focus on strategising rather than definitive actions, and that the company and other key stakeholders needed to lift its vision and create a new regeneration plan to transform the opportunities for the growth and regeneration of the city and the surrounding area. The new regeneration plan has recently been issued for public consultation. Other key work due for completion includes the Equality Impact Assessment and the integrated economic scenario model for the region (due by end of 2010).

Ilex URC has also gone through a number of organisational changes since its establishment. The current Chief Executive was appointed in 2009.

1.6 Review of Public Administration

The Review of Public Administration (RPA) was first announced by the NI Executive in June 2002 to consider existing arrangements for the accountability, administration and delivery of public services. Following extensive research and consultation, proposals under RPA in relation to local government, education and health and social services were made in November 2005. Further proposals relating to wider public bodies were made in March 2006.

The RPA model envisaged local government as the cornerstone of reformed public services with a focus on creating vibrant and cohesive local communities through social, environmental and economic development. On the 31st March 2008, the then Minister of the Environment, Arlene Foster MLA announced the outcomes of the review of local government. The latter proposed an 11 council structure, the transfer of certain functions (including local economic and tourism development from DETI) to local government, together with the new function of community planning.

Whilst considerable progress has been achieved in the intervening period to facilitate the transition of 26 councils to 11 by May 2011 and the transformation of local government through a full modernisation programme by 2015, the immediate future for the RPA initiative is uncertain. At an emergency NI Executive meeting on 14th June 2010, it was decided that the local government elections scheduled for early 2011 should progress based upon the current 26 council model. The implications for RPA reform have still to be worked through.

1.7 Organisational Review

OFMDFM and DSD commissioned BDO in May 2010 to critically assess and evaluate Ilex's work in terms of its outputs and outcomes. The review seeks to address a number of areas (outlined below) and to provide recommendations for change or improvement as appropriate.

The Management Statement and Financial Memorandum (MSFM) of Ilex's sponsor Departments (OFMDFM and DSD) requires a periodic review of the company. Specifically, the MSFM states that a review should be completed in accordance with the business needs of the sponsor Departments and Ilex URC.

As noted above, Ilex URC has been operating since 2003 and in 2005 it published a regeneration plan. It has recently issued a new draft regeneration plan for consultation, and in the interim period has published a series of business plans and corporate plans.

The Sponsoring Departments have therefore deemed it appropriate to critically assess and evaluate the impact, outcomes and outputs of the work of the company in the full seven year period from commencement.

1.8 Terms of Engagement

The Terms of Engagement for the organisational review of Ilex URC identify the following areas to be addressed:

- *Need* - a critical examination of the continuing need for the company;
- *Effectiveness* - an independent and objective evaluation of the effectiveness and achievements of the company with reference to:
 - achieving corporate and business plan targets;
 - the future demands upon Ilex URC as a result of the implementation of the new regeneration plan;
 - working in co-operation with key stakeholders;
 - adding strategic value beyond that which might otherwise have happened without it;
 - attracting additional private sector investment;
 - the effectiveness or otherwise of its board members and senior staff;
 - identifying barriers to effectiveness external to the company that need to be addressed;
- *Operation* - an assessment of the effective operation of the company including key internal and external relationships and corporate governance arrangements. This should include analysis and advice on the effectiveness and relevance of the Ilex URC structure and governance processes, with an overall assessment of the structures in place including the role of the Ilex URC Board and proposals for business improvement and taking into account the likely requirements of the new regeneration plan;

-
- *Value for Money* - a critical examination of all aspects of the funding arrangements for Ilex URC, its management of public funds and the value for money and measurable outputs delivered by the company; and
 - *Future Direction* - based on an overall assessment of how Ilex has performed, recommendations to the sponsor Departments for the future direction of Ilex URC.

1.9 Structure of this Report

We have structured the remainder of this report to reflect the above terms of reference as follows:

- Section 2 - provides detail on our methodology;
- Section 3 - provides organisational context;
- Section 4 - reviews organisational performance;
- Section 5 - considers stakeholder feedback;
- Section 6 - outlines appropriate benchmarking information;
- Section 7 - details review conclusions;
- Section 8 - presents options for future structure, including our recommended option; and
- Section 9 - summarises the key recommendations for action arising from our review with associated responsibilities, timescales, etc

Additional supporting information is provided in the Appendices to our report.

1.10 Acknowledgements

Our findings have been informed by data, views and opinions provided by a diverse range of individuals and organisations, freely giving of their time. We would like to acknowledge the invaluable assistance and support provided to BDO by all stakeholders involved in the review of Ilex URC.

2. REVIEW METHODOLOGY

2.1 Overview of Our Approach

In response to the Terms of Engagement outlined in section 1, we have completed a five stage programme of work as follows:

- Stage I: Project Initiation;
- Stage II: Organisational Context;
- Stage III: Organisational Performance;
- Stage IV: Organisational Evaluation & Interim Report; and
- Stage V: Review Finalisation.

Further detail in relation to each stage is provided below. Our approach was agreed with the project Steering Group throughout.

2.2 Programme of Work

A summary of our work programme since commencement is provided by the table below. We provide further detail on our methodology in subsequent sections:

Month	Key Activities	Outputs & Outcomes
May 2010	<i>Key activities:</i> Project Initiation meeting with Steering Group. Focus Group discussion with Steering Group representatives.	<i>Outputs:</i> Completion of Project Initiation Document. Completion of revised (detailed) MS Project Plan. Submission of data request to the Steering Group. <i>Outcomes:</i> Clarity on project objectives, deliverables and programme of work. Initial perspectives of Steering Group on achievements, issues, challenges, etc.
June 2010	<i>Key activities:</i> Second Steering Group Meeting. Initial meeting with Ilex URC senior managers. Initial meeting with Ilex URC Chief Executive. Commencement of desk research phase. Commencement of benchmarking phase. Commencement of primary research phase.	<i>Outputs:</i> Finalisation of contacts, logistics, etc for primary research phase. <i>Outcomes:</i> Receipt of stakeholder feedback, benchmark data, performance data and contextual information.
July 2010	<i>Key activities:</i> Steering Group updates. Meeting with Ilex URC Chairman. Ongoing desk research. Ongoing benchmarking. Ongoing stakeholder interviews and focus groups. Ongoing Ilex URC staff feedback.	<i>Outputs:</i> Completion of stakeholder focus groups. <i>Outcomes:</i> Receipt of stakeholder feedback, benchmark data, performance data and contextual information.
August 2010	<i>Key activities:</i> Follow-up meeting with Ilex URC Chief Executive. Completion of desk research, benchmarking and stakeholder feedback activities. DSD workshop. OFMDFM workshop. Joint OFMDFM/DSD workshop.	<i>Outputs:</i> Interim reporting to Departments for discussion. <i>Outcomes:</i> Emerging views on review objectives.

Month	Key Activities	Outputs & Outcomes
Sept 2010	<i>Key activities:</i> Finalisation of draft report for discussion.	<i>Outputs:</i> Submission of draft final report for discussion. <i>Outcomes:</i> Draft conclusions and recommendations forward.
October/ January 2011	<i>Key activities:</i> Consideration of draft final report by Departments and Ilex URC.	<i>Outputs:</i> Submission of final report. <i>Outcomes:</i> Final conclusions and recommendations forward.

2.3 Detailed Methodology

2.3.1 Design Principles

Our approach to the review of Ilex URC has been grounded in the following design principles:

- Comprehensive immersion in the Ilex URC organisational issues and context;
- Building and maintaining effective stakeholder communication;
- Transparency and openness;
- Being proactive and energetic; and
- Achieving the right balance between ‘looking back’ and ‘looking forward’.

2.3.2 Design Elements

Our project methodology has combined desk research, telephone surveys, structured interviews, benchmarking, focus groups, online staff survey and workshops.

2.3.3 Stage I: Project Initiation

A Project Initiation Meeting took place on 17th May 2010. A Steering Group - which had been established to oversee progress of the review - discussed and agreed the following:

- Review stages and methodology;
- Project management and reporting arrangements;
- Overall timescales and interim milestones;
- Contact points and communication channels; and
- Overall project success criteria.

We also used the first Steering Group meeting to complete a focus group with those stakeholders present, in relation to the key elements of the review. We finalised and submitted to the Steering Group a Project Initiation Document and MS Project Plan following the Initiation discussion.

2.3.4 Stage II: Organisational Context

The objective of Stage II of our methodology was:

‘To fully understand the context - policy, legislative, competitive, comparable - in which Ilex URC operates’

Our methodology comprised a combination of desk research and benchmarking, as follows:

- Desk research: working with the project Steering Group and Ilex URC, we had access to a wide range of relevant documentation including:
 - Departmental Plans;
 - Corporate Plans;

-
- Annual Reports;
 - Business Plans;
 - Budgets;
 - Risk registers;
 - Regeneration Plans;
 - Site Masterplans;
 - Organisational policies & procedures;
 - Audit reports;
 - Previous organisational reviews, etc;
- Benchmarking: we agreed with the Steering Group as part of Stage I to consider the following benchmark areas/organisations as part of our review:
 - Sheffield, England;
 - Laganside, Belfast; and
 - Newry, County Down.

We gathered data and information in relation to the benchmarks using a combination of desk research, face-to-face interviews and structured telephone interviews. The selection of Newry, County Down acts as a 'control group' as there is no equivalent urban regeneration company in the city.

Stage II provided a body of contextual and comparable information and data of direct relevance to our review of Ilex URC.

2.3.5 Stage III: Organisational Performance

The objective of Stage III of our methodology was:

'To assess the relative performance since establishment of Ilex URC'

There are a number of criteria for assessing the performance of Ilex URC and those which seemed most relevant encompassed its performance in respect of:

- Relevant Government objectives & targets;
- Relevant Departmental objectives & targets;
- Ilex URC Corporate/Business Plans;
- Stakeholder expectations; and
- The benchmarked organisations.

To supplement the desk research activity under Stage II, we undertook a range of primary research work within Stage III as follows:

- Ilex URC Consultations - structured face-to-face interviews with key internal stakeholders, including Chief Executive, Chairman, Senior Managers, etc;
- Stakeholder Consultations - a mix of structured face-to-face and telephone interviews with relevant external stakeholders, including the sponsoring Departments, SIB, Derry City Council, Invest NI, Special Advisers, etc;
- Stakeholder Focus Groups - we hosted three focus groups with invitees identified by the Departments and Ilex URC, and covering business, voluntary and community sectors, etc;
- Staff Focus Group - BDO facilitated discussion and feedback from a cross-section of Ilex URC staff in relation to organisational achievements, challenges and opportunities, etc; and
- Staff online survey - to ensure that all staff had the opportunity to participate in the review process.

Full details of individuals and organisations participating in Stage III are provided in an Appendix. Stage III provided an assessment of the performance of Ilex URC to date.

2.3.6 Stage IV: Organisational Evaluation & Interim Report

The objective of Stage IV of our methodology was:

'To complete an interim evaluation in relation to Ilex URC'

Our methodology comprised separate OFMDFM and DSD workshops in the week commencing 9th August 2010, to consider:

- Emerging themes from our review to date;
- Evidence and factors contributing to our assessment of Ilex URC; and
- Potential options forward for further consideration.

We subsequently convened a combined Departmental workshop on 1st September 2010 to debate and discuss relevant issues as sponsoring departments. We then progressed to completing the outstanding secondary and primary research work and to draft an interim report for discussion.

2.3.7 Stage V: Review Finalisation

Once the draft interim report had been considered by the Steering Group, we progressed to finalisation of the review of Ilex URC.

A draft final report was subsequently considered and approved for issuing by the Steering Group to the Sponsoring Departments and the Ilex URC Chairman and Chief Executive in confidence in October 2010.

2.4 Final Document for Sign-off

This Final Report has been prepared for review and sign-off by the Steering Group for presentation to the Sponsoring Departments.

3. ORGANISATIONAL CONTEXT

3.1 Introduction

The objective of Stage II of our methodology was:

'To fully understand the context - policy, legislative, competitive, comparable - in which Ilex URC operates'

Our methodology has comprised a combination of desk research and benchmarking. Details of our benchmarking review are contained in section 6. This section provides an overview of the context for the work of Ilex URC. More specifically, in succeeding paragraphs below we will consider:

- Profile of Derry City Council;
- Brief History of Ilex URC;
- Objectives and Remit;
- Key Appointments;
- Regeneration Planning;
- Project Activity;
- Current Structures and Governance;
- Significant Reviews; and
- Finances and funding.

Supporting information in relation to organisational context is provided in Appendix A. We summarise our conclusions at the end of section 3.

3.2 Profile of Derry City Council

3.2.1 Overview

Northern Ireland as a region remains close to the bottom end of the UK prosperity league. It has a persistent 20% adverse differential in GVA per head and a similar large adverse differential in productivity per job compared to the UK average.

With a city population of 110,000 almost 40% of whom are under 25, and a market hinterland of 300,000, the Derry-Londonderry labour market has persistently had higher unemployment than the Northern Ireland regional average; wages and productivity are lower and dependency on the under-pressure public sector is higher. Notwithstanding this, over the 15 years prior to the recession, Derry-Londonderry enjoyed a similar period of consistent job creation as that for Northern Ireland as a whole. Total employment grew by 10,000 in 15 years and its peak reached 50,000 before the sharp reversal brought about by the recent recession.

Despite a myriad of strategies and visions however, aimed at improving the economic fortunes of the Derry-Londonderry economy², to date these have not been able to fully tackle the relative under-performance of the City and inequalities within it. The challenge facing Ilex URC from the outset, has therefore been a significant one.

² Pre Ilex, these included the DSD Heart of the City. Since 2005, publications have included the 2005 Regeneration Plan and various corporate and business plans (for Ilex and Derry City Council).

3.2.2 *Impact of Recession*

According to Ilex, the recession is estimated to have cost the Derry-Londonderry economy approximately 2,000 jobs. Key issues include:

- The need to rebuild balance sheets of government, consumers and businesses;
- Public spending cuts and potential public sector recruitment freezes;
- Rebalancing of sectoral growth from more labour intensive sectors such as construction, retail and public services, to more capital intensive and high-skilled export sectors, which would limit the potential scale of job creation, particularly jobs suitable for persons who have been made redundant during the recession;
- Fragility of cross-border trade, highly depended as it is on the Euro-Sterling exchange rate which is now weakening;
- Rising energy costs; and
- National and international competition from other city locations equally determined to generate jobs and growth.

The economy is perceived to be in a new 'post debt era', where growth rates of the recent past are no longer to be expected, and without major intervention, the labour market outcome for the Derry-Londonderry economy is at best challenging.

3.2.3 *Inequalities*

As well as the wider City challenges of under-performance and a more difficult environment ahead, Derry-Londonderry also has large inequalities across the City in terms of deprivation, labour market outcomes, skills and education attainment. The recently published ward deprivation scores³, record 11 Derry-Londonderry Wards against the 10 percent most deprived in the region.

Disparities in ward resident employment rates are stark both in terms of actual data from the 2001 Census and estimated ward employment rate data for 2008 from the Citi-Scope Model. While inequalities are inevitable in a market-led economy and are more pronounced in urban areas, according to the 2001 Census, Derry-Londonderry had the second highest level of inequality for ward employment rates, behind only Belfast. Estimates for 2008 employment rates suggest that while there have been some improvements in line with the Derry-Londonderry average trend, a significant number of wards (5) still have employment rates below 50%. While growth for the city as a whole has brought 'trickle down' benefits across wards, some areas have undoubtedly benefited more than others.

3.2.4 *Longer term challenges*

Over the decade to 2008, Derry-Londonderry's claimant unemployment rate halved to 6%, however, it still remained significantly above the NI average. The recession has reversed much, though notably not all, of the recent unemployment falls.

Unemployment (ILO % working age population) is estimated to be over 10% in 10 of 31 wards (as of 2010) and though there have been some notable changes over time, by and large the relative labour market performance is similar to 2001, reflecting the persistent nature of the challenges.

The Citi-Scope survey, conducted by Ilex in 2009, further highlighted a wide range of challenges facing the city:

³ CitiScope Model (Oxford Economies)

- Within the top 10% disadvantaged communities, over 75% of residents have lived in the neighbourhood more than 10 years;
- A half of all those unemployed felt it was unlikely that they would begin work in the next twelve months and a significant number of residents said they were worse off financially than a year ago;
- Only 5.6% of residents could envisage starting their own business in the foreseeable future;
- Nearly a quarter of all residents did not feel that education was important in their life, however this figure fell considerably, by age, to 5% for 18-25 year olds;
- A quarter of all local residents reported teenagers hanging around the streets, rubbish and litter lying around, vandalism, people being drunk or rowdy and speeding vehicles/motorcycles as big problems in their neighbourhood;
- Over fifty percent of residents did not consider Derry - Londonderry a friendly place for Protestants, ethnic minorities and gay, lesbian, bisexual and transgender and a high proportion of residents feel that gay, lesbian, bisexual, transgender, travellers and ethnic minorities are treated unfairly in the city compared to other groups;
- Over fifty percent of residents smoke and only thirty percent take part in or play sport and /or physical activity on a regular basis; and
- Most residents have never visited a museum, musical performance or play/theatre and approximately one fifth of residents have never eaten out or went to a pub/club.

Ilex has identified a number of key areas where intervention is essential to ensure the overall aims of the Plan of reducing inequality and promoting economic growth are achieved. These are reflected in the Socio-Economic Profile in Appendix A.

3.2.5 *UK City of Culture 2013 Award*

A key focus for Derry-Londonderry is on the tourism offering. Derry-Londonderry's opportunity for economic development from its built heritage and cultural assets is seen in the NITB sponsored Walled City Signature Project and the successful nomination, in July 2010, of the city as the UK City of Culture 2013.

Ilex works closely with Derry City Council in support of tourism agenda, with the development at Ebrington, in particular seen as key to the expanding upon the heritage and cultural product offering and attracting and retaining visitors to the City. The achievement of UK City of Culture status for 2013 is a significant one.

3.3 **Brief History of Ilex URC**

Ilex URC is the Urban Regeneration Company for the Derry City Council area. An Urban Regeneration Company is an independent company, whose principal aim is to engage the public and private sectors in a sustainable regeneration strategy, working within the context of a wider strategic Regeneration Framework, which takes full account of the problems and opportunities for an entire area. Ilex URC is classified as an Executive Non Departmental Public Body (NDPB) for policy and administration purposes.

A community based Partnership and Regeneration Panel, established in 2002, recommended the formation of a new mechanism to take forward the strategic development of Derry-Londonderry. Ilex URC was subsequently set up in 2003 by OFMDFM and DSD to plan, develop and sustain the economic, physical and social regeneration of the Derry City Council area.

Ilex therefore took on a number of the responsibilities for regeneration. The company at that time was one of 18 Urban Regeneration Companies in the United Kingdom, and was Northern Ireland's first.

As noted earlier, the extent of the regeneration challenge facing Ilex URC in Derry-Londonderry was considerable and then - as now - the North West consistently lagged behind the rest of Northern Ireland in terms of economic growth and wellbeing.

Ilex has also been charged with the development of two key sites - Ebrington and Fort George - important to the history of Derry-Londonderry, with ownership resting with OFMDFM and DSD respectively. Details on the history of each site are provided in Appendix A.

3.4 Objectives and Remit

The remit/mission that Ilex was given by Ministers was *“to create and promote a deliverable vision for regeneration of the Derry City Council Area; to secure the commitment of all stakeholders to that vision; and to pursue single-mindedly its implementation”*.

The strategic objectives of the organisation are⁴:

- To create and promote a coordinated regeneration of the Derry City Council area and to facilitate its implementation in cooperation with DSD, OFMDFM, other relevant government departments, Derry City Council, private sector and other interested parties; and
- To secure the economic, social and physical regeneration of the Ebrington and Fort George sites.

In order to achieve these strategic objectives, Ilex has developed more specific corporate objectives in cognisance of the emerging Regeneration Plan (Mark II)⁵ and the Balanced Scorecard (BSC) approach⁶. The corporate objectives are detailed below:

BSC Perspective	Associated Corporate Objective
Success - To reflect outputs and outcomes	<ul style="list-style-type: none"> • To champion the delivery of the Regeneration Plan. • To advance the redevelopment of Ebrington and Fort George. • To implement an Investment & Delivery Plan. • To complete and open the Peace Bridge.
Partners - To reflect multiple stakeholders both internally and externally, and in particular the Sponsor Departments of DSD and OFMDFM	<ul style="list-style-type: none"> • To engage partners with respect, trust and transparency. • To identify new partners and integrate new sources of funding. • To proactively engage with the public and media to ensure the transformation of Derry-Londonderry is clearly communicated with passion, purpose and pride.
Processes - By which they deliver their services	<ul style="list-style-type: none"> • To ensure Ilex adopts management, accounting and financial systems that meet the needs of the business and the stakeholders. • To develop, deliver and enhance Ilex’s policies and procedures to ensure they are efficient and effective. • To proactively manage internal and external communications in order to improve relations with all stakeholders.
Innovation, Learning & Growth - To develop their people	<ul style="list-style-type: none"> • To ensure staff are valued, recognised and appropriately skilled to meet business needs by promoting a culture of creativity and learning. • To build a team culture by providing a happy, healthy and fit-for-purpose environment for staff. • To build a flexible, responsive organisational structure and appropriate corporate governance arrangements.

⁴ Source: Ilex 2010/11 Business Plan

⁵ The Regeneration Plan Mark II, is due for issue from public consultation in September 2010

⁶ The Corporate Plan 2009/10 adopted a balanced scorecard in setting its corporate objectives

3.5 Key Appointments

Ilex URC is characterised by significant changes in its Board and Chief Executive in its short history from 2003. Key timelines for appointments of the Chairman, the Board, the Chief Executive and the senior management team since the establishment of Ilex include:

Chairman:

Date of appointment	Chair Appointment	Date of Resignation
26/07/2003	Dr Alan McClure	30/06/2005
01/07/2005	Prof Eddie Friel - Temporary Chair	31/10/2006
01/11/2006	Mr Richard Sterling - Temporary Chair	30/09/2007
01/10/2007	Sir Roy McNulty	Current

The most recent Chair position was advertised in 2006. Sir Roy McNulty was offered the appointment to Chair the Board of Directors of Ilex for an initial term of 3 years commencing on 1 October 2007 and ending 30 September 2010. We understand that Sir Roy McNulty has been offered a second three year term by the Departments.

The original commitment was envisaged as 2-3 days per month - although it was noted that an additional 1-2 days per month may be required during the first six months of appointment.

The Person Specification for the Chair role prepared in 2006 notes that the Chair will be required to provide strategic and dynamic leadership for the company. He or she will lead the Ilex Board in implementing the vision set out for the integrated regeneration of the Derry City Council area and harnessing the energy and enthusiasm of all the stakeholders to achieve its implementation. Moreover, it was considered desirable that the Chair would prioritise private sector development to deliver substantial and lasting benefits for the area.

Board Members:

There have been various changes at Board level since 2003. More recently there have been four new appointees announced in July 2010. Further details on Board changes are provided in Appendix A.

Chief Executive:

Ilex has had 3 Chief Executives from commencement plus a temporary appointee:

Date appointed	Appointments	Year of Resignations	Period
14/06/2004	Mr Rick Reinhard	18/03/2005	9 months
19/03/2005	None*	11/06/2006	15 months
12/06/2006	Bill Kirk, Chief Executive	06/03/2009	33 months
09/03/2009	Kyle Alexander, Temporary Chief Executive	31/07/2009	4 months
08/09/2009	Aideen McGinley, Chief Executive	Current	12 months

*There was no Chief Executive in post between March 2005 and June 2006. The principal from Coyne Associates was hired during the year to act as Project Manager. Aideen McGinley was appointed as Chief Executive and Accounting Officer within Ilex URC in September 2009, on secondment from the post of Permanent Secretary of DEL. Gerard Finnegan, a secondee from Invest NI, acted as Accounting Officer from March 2005 to June 2006, and Mary O'Dwyer was AO from March 2009 to August 2009.

Senior Management:

The senior management team (all current) at Ilex comprise:

Name	Position	Appointment
Gerard McCleave	Director - Strategy and Regeneration	02/01/2007
Brenda Fraser	Director of Development	01/11/2006
Mary O'Dwyer	Director of Finance & Corporate Affairs	12/06/2006
Mo Durkan	Communications Manager	07/11/2005

The majority have been in post since 2006/7. A further appointment was that of Sean Currie as Programme Manager in June 2009.

3.6 Regeneration Planning

3.6.1 Regeneration Plan - Mark I

The background to the first Regeneration Plan was the Indecon Baseline report, commissioned in 2005, which set out the socio economic profile of the City. Following on from this came the first Regeneration Plan in the same year. This was to be a city wide plan, shared by and delivered upon by the stakeholders, but effectively became an 'Ilex only' Plan, lacking buy in from those charged effectively with delivering upon the key strands.

Sir Roy McNulty commenced a review of Ilex URC upon his appointment as Chairman in Autumn 2007. He subsequently presented his report to Ministers of DSD and OFMDFM in June 2008, recommending the development of:

- A comprehensive vision and plan with priorities supported by a broad range of stakeholders;
- An effective organisational framework;
- Clear roles, and effective relationships amongst the delivery partners;
- Adequate resources and capacity to deliver; and
- More effective linkages with Belfast, Dublin, London and further afield.

The Chairman stated that 'timing overall might be' such as to produce a regeneration plan for approval within 12 months, and that this process 'would not detract from or delay existing projects and initiatives, particularly Ebrington and Fort George'. This was predicated on the timing of government approvals.

In their response to the Chairman's report, OFMDFM and DSD officials submitted a paper to their respective Ministers (dated November 2008), which recommended acceptance of the key findings above, but added:

'Sir Roy acknowledges in his report that it will be crucial to the reputation of Ilex and the Sponsor Departments that the planning phase does not further delay progress on development of the MoD sites for which Ilex has responsibility. The Sponsor Departments have reinforced that concern in their comments at official level. Sir Roy also accepts that his proposed additional planning and visioning work should build on previous initiatives rather than appear to be starting afresh. Sir Roy is acutely aware of the issue and has indicated that he will take steps to ensure that it is not seen as "another vision" but rather a re-doubling of the regeneration effort. Delays in progressing visible regeneration and development of the two MoD sites also carry reputational risks for Ilex and the two Sponsor Departments. Again, however, Sir Roy has assured us that the regeneration plans for the sites that have already been announced will proceed apace, regardless of the "ramping-up" work which will proceed in parallel.'

The First Minister, Deputy First Minister and Minister for DSD subsequently wrote to the Chairman of Ilex in June 2009 with regard to Equality Impact Assessments (EQIAs) as follows:

'When we replied to your letter of 8th May 2009 about the timeline for the production of the new Regeneration Plan we said that it was important to achieve the new deadline in order to ensure progress on the redevelopment of Ebrington and Fort George. This remains our position. The redevelopment of the two sites is of critical importance, and we know that you share that view.

We understand that....the intention now is to complete a single EQIA for all proposed work, including at the two sites, in conjunction with the new Regeneration Plan. This work is to be completed by December 2009 and we look to you to achieve this.

Pending consideration of the completed Regeneration Plan EQIA work, Ilex should continue to progress the infrastructure works at the two sites - Ilex should not of course undertake any other physical development work which would prescribe the end uses of the site until Sir Roy's plan and the EQIA are considered and agreed'.

3.6.2 Regeneration Plan - Mark II

Fundamental to the development of the second regeneration plan was the Citi-Scope Citizen Survey and Baseline Report and the delivery of two seminars:

- The Citi-Scope Citizen survey was conducted in 2009 with over 1,000 citizens engaged in the process. The participative nature of the project has been deemed to be ground breaking in its bottom up approach and noted as a model of Best Practice by the NI Equality Commission. Data gathered for the Citi-Scope survey has been analysed by Oxford Economics to form an Econometric Baseline Report on economic and social indices;
- *"Changing Patterns, Changing Outcomes"* - In November 2008, Ilex URC supported the Civic Regeneration Forum in a conference entitled "Changing Patterns, Changing Outcomes". With participants from across the community, voluntary, public and private sectors, the focus of the conference was on learning from those past experiences and on changing the existing patterns of deprivation by ensuring the participation of the community in order to ensure that the outcomes of the regeneration programme effectively tackle inequality. This highlighted the importance of regeneration and of ensuring that the opportunities and benefits were targeted at those most in need; and
- *"Future Search"* - The Future Search event, held in February 2009, brought together over 100 people from both communities, and both sides of the border, business representatives, Councilors, MLAs, and senior civil servants to raise the momentum of social, economic and physical regeneration in the city and the North West. Ilex has suggested that this event delivered:
 - A coherent set of visions focused on education; enterprise and employment; health and well being; environment and conservation; river asset; citizenship and civic pride; transport and infrastructure; tourism, arts and culture and Derry's regional capital role in the North West; and
 - A strong focus on equality, inclusion, social justice, community engagement and partnership.

The event identified the "Common Ground" areas most important for Derry-Londonderry going forward into the action planning stage of the regeneration process. These were:

- Education;
- Derry-Londonderry as regional capital of the North West;

- Enterprise and employment;
- Health and Well Being;
- Environment/Conservation;
- River Asset;
- Citizenship and Civic Pride;
- Transport and Infrastructure; and
- Tourism, Arts and Culture.

This ultimately led to the formation of the City Strategy Board in June 2009, with an oversight role and 12 Sector Working Groups (SWGs), tasked with developing strategies for inclusion in the single regeneration Plan for the city. The focus has been on a process of engagement and interaction with a wide range of stakeholders. The intensity of this engagement, the commitment and quality of work is summarised below:

- 1 Equality Conference, 200 delegates;
- 1 Future Search event, 120 participants;
- 1 Strategy Board, 40 Strategy Board members, 12 Strategy Board Groups;
- 12 SWGs, 417 SWG members registered, with at least 146 SWG meetings;
- 85 Citi-Scope Survey Enumerators interviewing 480 representative residents, 14 Focus Groups with 165 participants covering all Section 75 categories;
- 6 plenary sessions, 5 integrating meetings;
- 1,000+ regular visitors to yourcityyoursay.com; and
- 1,000+ yourcityyoursay.com E-zine recipients.

The 12 SWGs undertook a process of identifying the current needs, inequalities and challenges they faced to suggest the future proposals that would generate change across the three interconnected pillars of renewal - Economic, Physical and Social & Community. Work has been informed by the comprehensive Baseline Report commissioned for the City from Oxford Economics, as well as the Citi-Scope Survey results. The 12 SWGs have identified an initial vision of 'where they want to be' and 58 key priorities to delivering those visions, which have contributed to a collaborative vision being identified - '*Competitive ,Connected, Creative and Caring City*'.

A draft Mark II Regeneration Plan was presented to the SWGs in early 2010 and was issued for public consultation in September 2010.

3.6.3 EQIA

In line with instructions from OFMDFM and DSD Ministers, the ultimate use of Ebrington and Fort George will be influenced by the Mark II Regeneration Plan, with the EQIA seeking to flag up problems in terms of differential impact. This EQIA has been informed by extensive data collection, analysis and the consultation processes referred to above, with the Baseline Analysis, consisting of quantitative and qualitative data (Section 75 data, geographic statistics, Citi-Scope results etc.) and an analysis of existing service provision as well as current and projected economic activity.

3.7 Project Activity

Ilex's performance in relation to Ebrington and Fort George is considered in more detail in Section 4. Activity to date centres around a number of key initiatives, including the construction of the Peace Bridge, site preparation works at both Ebrington and Fort George and public realm works at Ebrington, as well as the commissioning of a range of strategic and planning documents. Ilex noted in its Corporate Plan 2010/11 that it intends to

progress the achievement of its corporate objectives by delivering the following in 2010/11⁷ (with associated costs):

- *Peace Bridge* - funded mainly by Peace monies (administered by SEUPB), the £13.34m Peace Bridge will link the city side (at Guildhall) to the Waterside at Ebrington. The proposal is that Ilex will complete the construction of the Peace Bridge in May 2011;
- *Ebrington* - the Ebrington Masterplan was launched in 2006. Key work to date has been the site clearance, asbestos removal, demolition of designated buildings, and public realm works at Cunningham Square and the Parade Ground. Other initiatives include Business Cases relating to the Parade Ground, infrastructure and associated works, the redevelopment of Building 11 as office accommodation, proposals for a Regional Public Art Gallery and Maritime Museum, a Feasibility Study for an Arts and Culture Cluster and a Business Case for a Delivery Strategy for Ebrington. Work planned for 2010/11⁸ includes:
 - *Parade Ground*: Construction work for the first phase of the redeveloped Parade Ground, including associated infrastructure works, providing a link from the Peace Bridge to the Ebrington site and through the site to the wider Waterside area. Further budget will be sought from the OFMDFM Sponsor Department through the monitoring rounds in 2010/11, if required. Cost: £4.46m (now revised to £6.2m: £5.4m capital spend and £849k of fees);
 - *Foot and Cycle Path Link*: Ilex is to commence the construction of a foot and cycle path link from the Peace Bridge to the foot of Browning Drive to the north of the Ebrington site. Derry City Council is anticipating commencing their Greenways project, funded by Sustrans, in this financial year which will complete the links, especially on the east bank of the city, between the Foyle Bridge and the Peace Bridge. The foot and cycle path to be undertaken by Ilex will link into this Greenway project at the foot of Browning Drive, completing the loop to the Peace Bridge and also into the Ebrington site. These works will commence on completion of the Peace Bridge construction. Cost: £250k;
 - *Eastern Link from the Parade Ground to Cunningham Square*: During the year, Ilex intends to commence the completion of the eastern link from the Parade Ground to Cunningham Square and hence to the Limavady Road. Due to construction access being required over this area until completion of the Peace Bridge, Ilex aims to commence these works in 2011. These works will complete the foot and cycle access from the eastern area of the Star Fort to Cunningham Square. Cost: £150k;
 - *Ebrington Masterplan*: Ilex aim to review the Ebrington masterplan in light of the current economic climate, the Regeneration Plan and the output from the associated EQIA being undertaken as part of the Regeneration Plan Mark II. Cost: £50k;
 - *Marketing the Site*: Ilex intends to engage with the private sector by marketing the site, through OJEU, for a private sector partner to take forward the delivery and implementation of the masterplan for the site. Revenue: £300k; and
 - *Listed Officers' Mess and Cunningham Block*: Ilex aims to market the listed Officers' Mess and Cunningham Block for private sector investment and redevelopment. Revenue: £275k.

⁷ Source: Ilex 2010/11 Business Plan

⁸ Ilex Corporate Plan 2010/11 - note that proposed timelines will have changed

If additional funding were to become available, Ilex has indicated that it would wish to deliver the following additional works in Ebrington in 2010/11:

- *Parade Ground Final Phase*: Further monies may be required to complete the final phase of the Parade Ground redevelopment and to allow for compensation events claimed through the contract. Cost: £5.4m (now revised to £3m);
- *Redevelopment of Building 11*: Planning consent and Building Control approval have previously been obtained to redevelop this building fronting on to the south side of the Parade Ground. However, a planning application has been resubmitted for design changes. The work could be commenced in the financial year 2010/11. Cost £1m;
- *Performance Equipment for the Completed Parade Ground*: Ilex has suggested that it is necessary to provide equipment to fully deliver the programme of events. Equipment envisaged includes stages, cinema screens and projection facilities, temporary covers for inclement weather etc. Cost £250k; and
- *Conservation Works*: Ilex has indicated that there is an ongoing requirement for conservation of the listed buildings and the scheduled Star Fort. Cost: £350k;
- *Fort George* - the draft Masterplan for Fort George was launched in December 2007 for public consultation (not finalised). A key issue in relation to this site is the level of contamination, with negotiation on indemnities ongoing between site owners DSD and former owners, the Ministry of Defence. Works to date include site preparation, testing, remedial works to the jetty etc and establishment of the Hibernia Exchange Centre (Project Kelvin), the latter providing the region's transatlantic high speed broadband link. Key work elements proposed for 2010/11 encompass:
 - *Remedial Works to the Jetty*: Ilex completed the remedial works to the jetty and to the river banks in Summer 2010 and carried out the dredging of the Pennyburn Estuary. Cost: £350k;
 - *Decontamination*: Subject to approval of the Business Case and confirmation of liability by MOD and receipt of funding, Ilex will commission a contractor under OJEU competition to undertake decontamination works on the site which will de-risk the site for engagement with the private sector. Cost: £4m;
 - *Securing Funding for the Knowledge Economy Hub Building*: Ilex intends to submit an application to Interreg for funding for a Knowledge Economy Hub Building. Detailed design and planning will be undertaken as the first stage of delivery of the project. Cost: £450k;
 - *Fort George Masterplan*: As per Ebrington, Ilex aims to review the Fort George draft masterplan in light of the current economic climate, the Regeneration Plan and associated output from the EQIA being undertaken as part of the Regeneration Plan Mark II. Cost: £50k; and
 - *Marketing the Site*: Ilex intends to engage with the private sector by marketing the site, through OJEU, for a private sector partner to take forward the delivery and implementation of the masterplan for the site. Revenue: £250k.

Other key initiatives by Ilex include Strategic Interventions (input to the branding of the City, the retail strategy, etc) as well as the UK City of Culture 2013 bid. There are also a number of key challenges currently facing the organisation, namely:

- VAT recoverable position - Ilex has so far not been in a position to recover VAT. This has been accepted by the Sponsor Departments up to 2010, but has become more

critical as Government budgets have come under pressure. In 2010, OFMDFM has taken the decision to assume accounting responsibility for Ebrington (with Ilex URC remaining as project manager), with this taking effect from the construction contract awarded for the Parade Ground⁹. Ilex is seeking specialist VAT advice on a solution to render it capable of reclaiming VAT; and

- Moreover, there is yet to be agreement between the Departments and Ilex as to the approach to be adopted for the delivery strategy for the Ebrington and Fort George sites. Ilex submitted the draft Economic Appraisal on the Delivery Strategy and the Acting CEO at that time choose not to progress the formal processes as further work was deemed necessary. However, we understand that an initial strategic outline case has recently been submitted by the company to the Sponsor Departments and through them to DFP for consideration.

In assessing project activity, the challenges faced by Ilex in the period are noted:

- The City's lack of a shared regeneration plan in 2007 when the current Chair came into post;
- The City's lack of a shared vision for regeneration, now only being established under the Regeneration Plan Mark II and the consultation process that has informed it;
- The impact of the recession, with subsequent lack of availability of development finance;
- The changes in post at CEO level;
- The absence of an agreed delivery strategy for the development of the Fort George and Ebrington sites;
- The decontamination issues at Fort George, only now being resolved;
- Difficulties in securing approvals and the level of disconnect at times with the Sponsoring Departments.

These are discussed later in this report.

As noted above, further details of actual progress to date in 2010/11 are set out in Section 4. However, it is clear that the future presents significant challenges for the organisation, including:

- Impact of the broader economic recession and the likelihood of budgetary constraints across the public services;
- Consequently, difficulties in accessing appropriate bank finance and hence depressed development activity by the private sector; and
- The opportunity presented by the successful City of Culture in 2013 bid - but the corresponding need to both contribute to the success of this designated status and yet manage public expectations about what is possible in terms of government subvention.

3.8 Current Structures & Governance

3.8.1 Structure

The current organisation and governance structures are as follows:

- The Board is chaired by Sir Roy McNulty but also contains:
 - Professor Deirdre Heenan, Dean of Academic Development, University of Ulster;
 - Michael Heaney, Director of Community & cultural Services, Donegal County Council;

⁹ OFMDFM is likely to retain for other capital works and DSD is likely to adopt a similar approach

- Valerie Watts, Town Clerk & Chief Executive, Derry City Council;
 - John McDaid, Past President, Londonderry Chamber of Commerce (and Chair of Audit & Risk Committee); and
 - Matt McNulty, Director of Tourism, International Development Ireland Limited;
 - New appointees:¹⁰ Mr Frank Hewitt (business), Dame Geraldine Keegan (education), Mrs Margaret Lee (equality), Mr Colm McKenna (business);
- The Executive positions consist of:
 - Aideen McGinley, Chief Executive;
 - Brenda Fraser, Director of Development;
 - Gerard McCleave, Director of Strategy & Regeneration;
 - Mary O'Dwyer, Director of Finance & Corporate Governance; and
 - Mo Durkan, Communications & Information Manager.

This structure was subject to review by the Chief Executive in 2009 (see section 3.9.1), and proposals for change have been made and discussed with the sponsoring departments. The significant skills and experience which Board members bring to the organisation have been augmented further through the recent appointments.

A previous staff plan was undertaken and approved in 2007 and subsequently the Chairman's report of June 2008 highlighted the changing emphasis and role of Ilex as an organisation. Ilex staff have therefore been supplemented by consultancy support during the planning process to 2010 (to arrive at the Regeneration Plan Mark II and EQIA) in order to ensure stakeholder management and communication.

3.8.2 Governance

As detailed in the most recent published Annual Report (2009/10):

- The Board of Directors held eleven meeting (seven in 2008/9);
- The Audit Committee held four meetings (three in 2008/9);
- The Personnel and Remuneration Committee held five meetings (three in 2008);
- The 2008/9 report notes that the Projects Sub-group held five meetings in this period (not reported for 2009/10). The Sub-group was set up to support the Board in its responsibilities for project management and their remit includes the development of Ebrington and Fort George, all IDF projects, and any projects or initiatives associated with the implementation of the Regeneration Plan for Derry-Londonderry.

With regard to external reporting, Ilex URC as an 'arms length body' has a responsibility to report regularly to its sponsoring departments (DSD and OFMDFM) and periodically to other Government stakeholders. Some external reporting requirements of note, are detailed below:

- *External Audit* - NIAO carried out the audit of the Ilex accounts for the years ending 31 March 2009 and 2010. 'Clean' audit reports were awarded, although the NIAO identified a number of significant weaknesses, particularly in the area of contract and business case approval processes; and
- *Internal Audit* - According to the Management Statement Financial Memorandum (MSFM), Ilex is subject to an Internal Audit carried out by DSD and tests the effectiveness of controls¹¹. Ilex has been awarded a satisfactory assurance rating.

¹⁰ New appointees from July 2010 not represented on the organisational chart

¹¹ The MSFM is a guide for operational activity and has been approved by the Department of Finance and Personnel. The guidance is mandatory for the company and for the two sponsoring departments, setting out the responsibilities and accountabilities of the Sponsor Departments, the Chairman, the Board and the Chief

3.9 Significant Reviews

3.9.1 Chief Executive's Staffing Review

Upon her appointment in September 2009, the Chief Executive commenced a staffing review of Ilex URC. The report was completed in November 2009. The report recognises the evolving context in which Ilex URC operates and proposes a smaller leadership team with fewer reports to the CEO - and in so doing '*create clearer and more streamlined reporting*'. This proposal has subsequently developed into the intention to create a new Director of Corporate Affairs position.

In addition, the CEO review recognises the challenge of meeting organisational priorities with current resources, but suggests three solutions:

- Building effective teams under the revised Director structure;
- Buying in specialist support through consultancy, etc; and
- Partnership working with Derry City Council, SIB, etc.

3.9.2 NIAO Review

'Clean' audit reports in respect of Ilex were noted in 2009 and 2010. The following items were listed as not being complete:

Item for consideration by the Sponsoring Departments	Comment
The ALB Audit Committee - Do representatives from the sponsors Branch attend Audit Committee meetings?	The Sponsor Branch always received the Audit Committee Minutes. From May 2009, the new DP Accountant will be attending Ilex's Audit Committee Meetings as an observer.
Fraud & Irregularity - Does the Sponsor Branch carry out random visits to its respective ALB.	Visits are always pre arranged with Ilex - visits occur to verify Ilex's drawdown requests.
Does the Sponsor Branch agree Internal Audit programmes for the ALB.	It is not the Department's role to agree the Internal Audit programme. However URCDG receives a copy of proposed programme plan and can attempt to influence, if considered necessary.
Monitoring & evaluation - Do the minutes from these meetings in turn form a standing item on the agenda at Departmental Board Meetings.	Quarterly performance reports signed by the Chief Executive are provided (Risk Statement and performance reports).

We understand that these outstanding issues have now been resolved.

3.9.3 Gateway Review

The OGC Gateway Process generally examines programmes and projects at key decision points in their lifecycle. The ten key recommendations made by the Gateway Review of Ilex URC in December 2009 (initiated by the Chief Executive) and the subsequent actions/planned actions to date as reported by Ilex, are as follows:

- *Recommendation:* Establishment of a small senior group with the sponsoring Departments at Deputy Secretary level and attended by the Chief Executive of Ilex under an independent chair to facilitate delivery of the work of Ilex (rated 'Critical') - *Action:* The Ilex CEO has currently committed to establishing a schedule of meetings for

Executive. The document also provides guidance on planning, budgeting and control, including the audit function and the Annual Report.

- the coming year with the Departments, but does not believe there is a need for an independent Chair;
- *Recommendation:* SRO to identify and resolve reasons for poor working relationships with sponsoring departments (rated 'Critical') - *Action:* CEO to take personal responsibility for improving the situation through liaison meetings, clear lines of communication, appropriate reporting, etc;
 - *Recommendation:* Executive Team to function more effectively as a unit and to identify assistance required for individual roles (rated 'Critical') - *Action:* Staffing review completed; Cultural Broker being appointed; Director of Corporate Affairs being appointed; Organisational Development Plan to include coaching/mentoring being developed;
 - *Recommendation:* New Director of Corporate Affairs to take responsibility for robust internal procedures (rated 'Essential') - *Action:* Recommendations to be considered when drafting duties of new post;
 - *Recommendation:* Stakeholder Management Strategy/Plan and Communications Strategy/Plan to be completed in conjunction with Mark II Regeneration Plan (rated 'Essential' by May 2010) - *Action:* Updated Communications Strategy to be developed with the Regeneration Plan; latter to be extended into a Stakeholder Management Strategy as part of delivery planning;
 - *Recommendation:* Staffing, forward programme and funding to be aligned with Mark II Regeneration Plan (rated 'Essential' by July 2010) - *Action:* Introduction of a Balanced Scorecard; Corporate Plan will ensure delivery of main purpose of Ilex;
 - *Recommendation:* Ilex to second 3 staff from NICS with skills in business case preparation, procurement and communications (rated 'Essential' by July 2010) - *Action:* Ilex to recruit expertise as and when required, and not just from NICS; CPD used for procurement; INTRO programme used to recruit graduates;
 - *Recommendation:* Aims and objectives to be more fully articulated (rated 'Recommended' by Autumn 2010) - *Action:* Draft Corporate Plan to 2013 and Business Plan for 2011 submitted to departments for approval;
 - *Recommendation:* SRO and departments to reach agreement in relation to VAT issue and seek resolution with HMRC (rated 'Recommended' by Autumn 2010) - *Action:* Ilex considering options with departments to take to HMRC; and
 - *Recommendation:* Clear statement regarding lifespan of the company (rated 'Recommended' by Autumn 2010) - *Action:* Chairman stated in 2008 that lifespan was 5-10 years; Organisation review completed.

In addition, the Gateway Review noted that those concerned should explore the establishment of a timetable for transferring the ownership of the land at the Ebrington and Fort George sites to Ilex. The issue of the ownership of land is intertwined with the need for an appropriate delivery strategy going forward. This is discussed further in Section 7.3.7

It is understood that not all of the recommendations were accepted by the Board of Ilex URC and, of those accepted not all of the timescales have been met.

3.10 Finances & Funding

3.10.1 Overview

An overview of the costs incurred by Ilex and the Departmental Funding is as follows¹²:

	Actual 31/03/2004 £	Actual 31/03/2005 £	Actual 31/03/2006 £	Actual 31/03/2007 £	Actual 31/03/2008 £	Actual 31/03/2009 £	Actual 31/03/2010 £	Total £
Expenses								
Staff Costs (excl Board)	59,206	317,139	342,880	639,825	711,426	781,502	1,043,505	3,895,483
Establishment and Admin	234,354	432,308	476,556	334,972	324,553	638,634	658,864	3,100,241
Staff costs and other costs	293,560	749,447	819,436	974,797	1,035,979	1,420,136	1,702,369	6,995,724
Programme costs	50,822	287,126	339,364	475,911	1,144,999	555,350	1,570,487	4,424,059
Ebrington Costs	22,684	594,680	664,809	751,451	1,402,930	522,729	219,346	4,178,629
Total expenditure	367,066	1,631,253	1,823,609	2,202,159	3,583,908	2,498,215	3,492,202	15,598,412
Income								
DSD	200,000	640,783	671,160	957,056	1,711,925	1,188,485	1,747,488	7,116,897
OFMDFM	146,423	948,336	1,092,331	1,232,968	1,857,333	1,284,277	1,729,908	8,291,576
Rental Income	15,329	30,000	40,723	6,000	6,000	6,000	0	104,052
Grant Release / Interest	5,416	11,664	17,776	6,135	8,453	14,571	14,810	78,825
Total Revenue Income	367,168	1,630,783	1,821,990	2,202,159	3,583,711	2,493,333	3,492,206	15,591,350
Operating Surplus	102	-470	1,619	0	-197	-4,882	4	7,062
Capital spend								
DSD	0	0	0	0	0	825,143	1,706,538	2,531,681
OFMDFM	0	0	0	0	0	989,597	2,752,164	3,741,761
Total revenue and capital spend	367,066	1,631,253	1,823,609	2,202,159	3,583,908	4,312,955	7,950,904	21,871,854

Costs incurred by Ilex in respect of salaries and overheads are split equally between OFMDFM and DSD, with specific costs relating to Ebrington paid for exclusively by OFMDFM and specific costs on Fort George paid for by DSD. Capital costs in respect of the latter are reported within the balance sheets of the respective Departments.

¹² Extracted from the statutory accounts - excludes the Peace Bridge

In terms of the total spend in Ilex (including by OFMDFM and DSD) since its inception, key highlights are:

- Spend to date in Ilex from 2003/4 to 2009/10 is £21 million funded by the Sponsor Departments (plus spending on the Peace Bridge¹³ of a budgeted £13.3m, of which some £7m is projected for 2010/11). Of the £21m, £15.5m is deemed to be revenue spend and £6.2m is capital spend (with the assets remaining within the Sponsoring Departments). In the years prior to 2008, all items were expensed;
- £3.7m has been incurred on staff costs, with staff numbers being 14 in 2009/10 (together with four secondees and four temporary graduates). Of the £3.7m, over £1m is attributed to temporary staff and secondments;
- £3.1m has been incurred on other operating costs, this includes spend on recruitment costs of £566k with the spend spiking in 2006 (when staff numbers increased) and again in 2009 (when the current CEO was recruited). Board Fees and Expenses (including Employers NIC) total £565k. Board fees were in the range of £30k to £60k per annum up until 2009. The costs of the Board have increased significantly since this date, with the appointment of additional members; and
- Of the £6.2m spend to date on capital assets, £2.5m has been spent by DSD on Fort George and £3.7m has been spent by OFMDFM on Ebrington. Section 4 highlights the degree of actual underspend on capital projects compared with budget.

Further detailed analysis is provided in Appendix A.

3.10.2 Programme costs (including Fort George)

Programme costs year-on-year can be summarised as follows:

Year to 31 st March	Programme costs £
2004	50,822
2005	287,126
2006	339,364
2007	475,911
2008	1,144,999
2009	555,350
2010	1,570,487
Total expenditure	4,424,059

Programme costs were significantly greater in 2008 (due largely to work at Fort George) and 2010 (attributable to economic modelling, etc).

Again, further details are provided in Appendix A.

¹³ The Peace Bridge is funded mainly through SEUPB

3.10.3 Ebrington Costs

Ebrington cost details year-on-year is as follows:

Year to 31 st March	Ebrington costs £
2004	22,684
2005	594,680
2006	664,809
2007	751,451
2008	1,402,930
2009	522,729
2010	219,346
Total expenditure	4,178,629

3.10.4 Capital Spend - DSD and OFMDFM

Capital spend by the Sponsoring Departments to March 2010 totals £6.2 million, with these amounts being held as assets on the Departments' books:

Capital costs	31/03/2009 £	31/03/2010 £	Total £
DSD - Fort George	825,143	1,706,538	2,531,681
OFMDFM - Ebrington	989,597	2,752,164	3,741,761
	1,814,740	4,458,702	6,273,442

As noted, costs were not capitalised prior to 31 March 2008. The above excludes the Peace Bridge (c£13.3 m budgeted), paid directly by SEUPB to Ilex (commenced January 2010 and due to complete in May 2011). Further details are provided in Appendix A. Once more, Section 4 highlights the degree of actual spend on capital in comparison with budget.

3.11 Concluding remarks

The key conclusions from our review of the organisational context, external and internal, in which Ilex URC was established and has been operating, are as follows:

- *Derry-Londonderry remains a very challenging area from a regeneration perspective* - the city has a multitude of socio-economic constraints including ingrained persistent disadvantage in terms of unemployment, economic activity and qualification which will require time and concerted efforts by all the key stakeholders to resolve. There are challenges in bringing together people who have been divided across sectarian, community, economic, ideological and identity issues and in creating one voice, to determine the future for the City, and to be involved in the delivery of the Regeneration Plan. Attention to equality is particularly important. Whilst the Regeneration Plan has not been delivered within the timescale set, when account is taken of the complexity of local political, community and organisational inter-relationships, the successful articulation and delivery of a cohesive vision for change owned by all key stakeholders - through the widely consultative Regeneration Plan Mark II - is likely to be a significant achievement by Ilex URC;
- *Ilex URC has an ambitious vision and objectives* - whilst the timescales for substantial urban development are medium to longer-term, it is clear from the history of Ilex URC that much was expected of it from the very outset, both in terms of regeneration planning and the development of Ebrington and Fort George. Specifically, these two pivotal sites were expected to 'fuel partnership-led drives to capitalise fully on tourism, the Walled City heritage, education and revitalisation of the riverfront'¹⁴;

¹⁴ Ilex URC Annual Report 2003/04

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- *Ilex URC faced a number of significant challenges in the early years* - there were tensions in government at the political level when Ilex was created and the organisation experienced a number of changes in leadership in its formative years. The latter factors were undoubtedly distracting and inhibiting. As a consequence, the first regeneration plan did not 'take root' and actual physical development activity at the two sites in the first 3 to 4 years was relatively limited;
 - *Ilex URC has subsequently benefitted from key Board and internal appointments* - over the last 2 to 3 years, the organisation has experienced greater stability with the appointment of the current Chairman (2007) and Chief Executive (2009) and the leadership that they have brought. The new senior leadership team has identified and progressed a number of areas for improvement within the organisation and undoubtedly traction is now being achieved;
 - *Returns on investment have still to be fully realised* - whilst we have highlighted continuing issues around underspending by Ilex (and the need for improvement in project and financial management) and the difficulties this creates within central government, significant investment of capital and revenue monies has undoubtedly been made in and through Ilex over the last 7 years. The return on these monies - in the form of a finalised regeneration plan and developed sites - has still to be fully realised albeit that the economic climate is likely to become more difficult; and
 - *The success of the UK City of Culture bid presents real opportunities* - both for the city and for Ilex to leverage progress in relation to its core objectives. Whilst, significant challenges remain - in terms of local and national economic conditions - we believe that the City of Culture status, together with the momentum from the launch of the draft Regeneration Plan Mark II, provides a potential platform for regeneration activity.

4 ORGANISATIONAL PERFORMANCE

4.1 Introduction

As noted earlier, the objectives of Stage III of our methodology encompassed an assessment of *'the relative performance since establishment of Ilex'*.

Within sections 5 and 6, we consider the performance of Ilex URC relative to stakeholder expectations (section 5) and other comparable benchmark organisations (section 6). This section of our report includes our primary and secondary research programme by reviewing the performance of Ilex URC in respect of:

- Performance and Key Achievements to date;
- Overall performance against Ilex targets; and
- Relevant Government objectives and targets.

We conclude with an assessment of Strengths, Weaknesses, Opportunities and Threats relating to Ilex URC. Further details are provided in Appendix B.

4.2 Performance and Key Achievements to date

The performance of Ilex URC can be considered by reference to its financial performance and its achievements against the targets set out in its annual plans.

4.2.1 Financial Performance

A key measurement by the Sponsoring Departments is Ilex's ability to achieve its financial targets.

Financial budgets are prepared annually by Ilex and agreed with the Sponsoring Departments. Ilex also has an opportunity to amend budgets mid-year, each year, with periodical requests made by the Sponsoring Departments to Ilex to confirm its budgeted spend.

Details of the budgets prepared and actual costs incurred for the four years to March 2010 are set out below, illustrating costs to be incurred by the Sponsoring Departments (excluding the Peace Bridge):

	Budget 31/03/2007 £	Actual 31/03/2007 £	Budget 31/03/2008 £	Actual 31/03/2008 £	Budget 31/03/2009 £	Actual 31/03/2009 £	Budget 31/03/2010 £	Actual 31/03/2010 £
Total revenue expenditure	3,320,611	2,202,159	4,620,286	3,583,908	2,417,000	2,498,215	3,932,000	3,492,202
Capital spend								
DSD	0	0	0	0	2,806,000	825,143	3,500,000	1,706,538
OFMDFM	0	0	0	0	2,540,000	989,597	7,170,000	2,752,164
Total revenue and capital spend	3,320,611	2,202,159	4,620,286	3,583,908	7,763,000	4,312,955	14,602,000	7,950,904
Total Shortfall		1,118,452		1,036,378		3,450,045		6,651,096
Percentage underspend		34%		22%		44%		46%

Source: Ilex Corporate Plan for budgets; DFP for actuals

Whilst the Sponsoring Departments had a total spend in respect of Ilex of £18 million in the four year period to March 2010, (representing 82% of spend from inception in 2003/4), there has been a significant underspend in each of the last 4 years, ranging from 22% of the budgeted spend to 44%/46% in each of the last two years to March 2010. Total underspend in the years to March 2009 and 2010 were £3.4m and £6.6m respectively.

The shortfall in spending reflects a lack of progress by Ilex in meeting its objectives, particularly in relation to Ebrington and Fort George. Whilst we recognise the challenges faced by Ilex URC, discussions with the Sponsoring Departments indicates that the proportionate level of underspend exceeds that of any other Arms Length Body reporting to OFMDFM and DSD.

In turn, Ilex state that the issues which caused the underspend were flagged up to the Sponsoring Departments during the year, and the spend outcome for 2009/10 was within 0.3% of the forecast which went into the February 2010 monitoring round. This would not however take account of any difficulties for OFMDFM and DSD in reallocating monies to other projects, and the impracticalities of doing so in the last two months.

A key issue for the Sponsoring Departments is the degree to which there is early notification by Ilex of the potential for underspend, and thus the Departments' ability to divert funding to other projects, for spend pre year end. This is particularly important at a time of significant pressure on Government Departments in securing funding for capital projects. The need for Ilex to assess its cashflow commitments, and the timing thereof, is therefore paramount.

The Departments' experience is that financial budgeting within Ilex has been poor. By way of example, following concerns raised by the Sponsoring Departments in Autumn 2009 of the likelihood of capital underspends for the 2010 financial year, and a recommendation by the Departments that capital budgets be cut accordingly and the monies reallocated to other projects within the Departments, Ilex confirmed that it was on target for its capital spend, with representation made at a senior level within the Sponsoring Departments for Ilex to retain its agreed capital budget. The subsequent underspend in 2010 of £6.6 million has therefore reduced the Departments' confidence in Ilex's financial budgeting capabilities. It is noted that for the current year to March 2011, OFMDFM has challenged Ilex as to its ability to complete the Peace Bridge by May 2011 - the latest completion date - within budget. This concern is refuted by Ilex URC who confirm that the project is being managed and that the organisation is on track in relation to financial spend to March 2011.

The Departments consider that bidding for spend for Ebrington and Fort George will become more challenging as budgetary cuts impact on all Government Departments. Hence the underspends above represent a lost opportunity for investment in the infrastructure in Derry-Londonderry.

Details of individual projects, including performance against targets set for each of these, are included below in paragraph 4.2.2.

The reasons for underspend in individual projects vary, with the following being relevant:

- **Strategic Planning** - Ilex has been in existence from 2003. The Chairman's report dated 2007 noted the lack of progress on project implementation pre 2007, with the early years (although delivering on site clearance etc at Ebrington and Fort George), being characterised by a high level of strategic planning and no "early wins" on capital projects;
- **The Departmental approval process** - Ilex would point to the length of period in order to secure approval for Business Cases from the Sponsoring Departments, and has produced a schedule in August 2010 highlighting the extended approval timescales by individual projects. These delays are also, in part, attributed by Ilex to the challenges which it faces in answering to two Departments (and three Ministers), and the level of micro management it perceives that it receives from the Departments. It notes also the timescale for approval of its Business Plan, with the current plan still with DFP for approval.

The Departments in turn, recognise the difficulties for Ilex in dealing with multiple Ministers and Departments (and differing reporting timetables etc) but would in the main, attribute the timescales for Departmental project approval to the quality of the business cases presented by Ilex. We understand that Business Case training for relevant Ilex staff has been provided (including within 2010). However, it is clear that concerns over the quality assurance procedures for Business Cases at Ilex remain. The Gateway Review (see section 3) recommends secondment of staff to Ilex with business case skills and this would be supported by BDO.

Moreover, there is yet to be agreement between the Departments and Ilex as to the approach to be adopted for the delivery strategy for the Ebrington and Fort George sites. Ilex submitted the draft Economic Appraisal on the Delivery Strategy and the Acting CEO at that time choose not to progress the formal processes as further work was deemed necessary.

DSD in particular has taken a leading role in setting a framework for the delivery strategy, with Ilex recently submitting a draft Strategic Outline Case for consideration by the Departments.

Whilst Ilex's view is that it is micro managed, the Departments raise concerns regarding the organisation's ability to successfully deliver projects on time and on budget - thus impacting upon the degree of scrutiny under which Ilex is placed. This is compounded by continued underspending by the organisation and delays in highlighting the latter to the sponsoring departments;

- **The procurement process** - Ilex would attribute delays to the responsiveness of the DFP Central Procurement Directorate (CPD) in its provision of procurement services to Ilex. However, both the Departments and CPD have reinforced the view that Ilex staff need to operate within the prescribed public sector procurement system and similar to all Government Departments, to use CPD's expertise for all public sector procurement;
- **Budgeting for unforeseen technical circumstances**- Ilex has also attributed delays in projects to unforeseen circumstances, including technical and legal issues. For

example, delays in construction works at the Parade Ground, Ebrington are partly attributed to a legal challenge from a party who were unsuccessful in securing the capital works; delays in the Peace Bridge are partly due to unforeseen ground conditions; whilst development at Fort George has been delayed due to issues over contamination of the site, with negotiations on indemnities ongoing between the DSD and MoD (as previous owners). Ilex's view is that issues such as these could not have been foreseen, whilst the Departments and CPD would contend that such delays are part of the challenges faced in procuring capital works, including within a public sector environment, and that Ilex should have managed both its own and the Departments' expectations better through appropriate programme management;

- **Programme/financial management** - A criticism of Ilex since establishment has been the lack of programme management - and consequent pressures on financial management. Ilex has noted that inadequate Programme/Project Management has been one of the causes of slippage up to 2009. Ilex has sought to address this through the appointment of a programme manager (June 2009) and investment in a programme management system. In reviewing the Programme Management system, there would however seem to be a disconnect between the key risks identified by Ilex in its programme management tool and prudent financial planning. In its summary of performance against budget, presented by Ilex to the Sponsoring Departments in June 2010, this noted that completion of the Peace Bridge (under NEC3) was on target for March 2011 (rescheduled to May 2011), but that the latest construction costs for the Peace Bridge showed the potential for an overspend on budget (with revised costs stated to be £14.5m against a budget of £13.3m) - although compensation events were still being agreed (budgeted at £2.9m). Feedback from Ilex is that it is hopeful that compensation event costs will be less than that budgeted and that overall costs will stay within £13.3m. The Departments have however expressed concern that such potential cost overruns may not be accommodated by SEUPB (as the awarding body). We understand that a Business case has been prepared and submitted to SEUPB, with a decision from SEUPB awaited. Moreover, while there is a Steering Project Board for the Peace Bridge, it is noted that there are no similar project boards in place for the other Ilex capital projects. It is noted, however, that the Ilex programme manager has had significant time diverted to the UK City of Culture bid, and that will have impacted upon core responsibilities;
- **Other regulatory circumstances** - A further key issue for Ilex has been its lack of success in seeking VAT registration in order to reclaim VAT. As a consequence, OFMDFM has assumed the role of contract owner for the Parade Ground project (with Ilex as project manager), thereby maximising funds available by saving the payment of VAT;
- **Communication and Engagement between Ilex and the Sponsoring Departments**- This review has shown that there is a degree of disconnect between Ilex and the Sponsoring Departments over the 7 year life of the organisation. Both parties have acknowledged that this has, in the past been partly due to tensions between some individuals in the respective organisations. There is however a general acknowledgement that the relationships have improved in recent years, with there being more formal and informal communication between the Sponsoring Departments and Ilex. As noted above, Ilex continues to be concerned that it is being micro managed, and that it is not being given the freedom to run the organisation as "fleet footed" as it may wish, citing a lack of appreciation within the Departments of its mission to "*pursue, single-mindedly*" the implementation of its objectives. In turn, there is a frustration in the Sponsoring Departments that Ilex still does not openly communicate problems or seek help from them to collectively address issues as they arise (such as financial underspends, potential cost overruns, delays in implementation), or to listen to advice, with the result that the Departments feel compelled to challenge Ilex on its management of projects;

- **Management, Communication and Engagement within Ilex** - Further issues in relation to implementation relate to the changes within the Ilex Board and Management, as well as conflicts within the Ilex senior management team. The appointment of the current Chairman is seen as a watershed for Ilex, with the period before his appointment (in 2007), characterised by high levels of strategic planning but slow progress in terms of implementation. The new Mark II Regeneration Plan, launched for public consultation in September 2010, is seen as the next step in enabling Ilex to deliver on its regeneration strategy. Ilex has also had a number of CEOs (the current CEO being appointed in 2009), with the result that there would appear to have been an inconsistent approach to the management of performance over the review period. Apparent conflict between members of the Ilex senior management team have been acknowledged by the current Ilex Chair and Chief Executive as being less than satisfactory, and there would be a concern that this is continuing to manifest itself through lack of communication of project delays to the financial director, with a resultant lack of recasting of cash flow forecasts and thus underspends of capital budgets. BDO recognises that the current Chairman and CEO of Ilex have sought to address communication, management and governance issues inherited, with some success;
- **Equality** – Ilex has stated that progress has been affected by the instruction received from the Ministers in June 2009 that it should not undertake any further physical development work which would prescribe the end uses of the two sites, pending agreement on the new Regeneration Plan Mark II and the Equality Impact Assessment - the former launched for public consultation in September 2010. The Departments have rejected this interpretation, noting that equality issues have had no bearing on the progress on the Parade Ground, Peace Bridge, Cunningham Square, Fort George, Delivery strategies etc; and
- **The effects of the credit crunch and recession reducing developer interest** - Ilex would point to the impact that the credit crunch has had on the private sector's willingness to engage and thus play its part in development plans - as noted above, however, in the absence of delivery mechanisms for the site, the private sector has yet to be engaged fully in plans for Ebrington and Fort George.

4.2.2 *Ilex Achievements*

Ilex has provided details of its achievements¹⁵, largely split between pre 2006/7 (and the appointment of the current Chairman) and post 2006/7. These achievements are a mix between strategies developed (linked both to the Regeneration plan for the city, in general, and to the physical sites at Ebrington and Fort George) and investment in these sites.

It is noted that in both setting its performance targets and in assessing its achievements, Ilex has considered both initiatives that it is solely responsible for and those where its role is as facilitator and coordinator, influencer or support to another Government Department (or indeed a lighter touch). This is in keeping with Ilex's role as a facilitator within the Derry-Londonderry region. When considering performance against the 2005 Regeneration Plan, however it is noted that this was commonly seen as the Ilex Plan, rather than a City wide plan adopted by all relevant Departments and stakeholders, with this lack of universal ownership considered to have negatively impacted upon its delivery. The focus for the Regeneration Plan Mark II, therefore is to have this accepted by all key stakeholders.

In discussing Ilex's performance below, consideration is given to Ilex's role, the progress made and outcomes. Details are as follows:

¹⁵ Input by the Ilex Chairman 26th August 2010 - Following Initial discussion with the BDO Review team, although information has not been substantiated.

Year	Activity	Ilex role	Progress	Outcomes
2003/4	£30m IDF programme - Ilex acted as managing agent for funding - project implementation by various Departments etc	Management and overseeing of implementation.	Delivered 2004/5 and 2005/6. Completed.	Project delivered successfully with spend of £122m leveraged from £30.6m of IDF monies.
2005	Indecon Baseline socio economic study	Commissioned and managed report	Started and completed in 2005	Baseline for Regeneration Plan
2006/7	Integrated transport strategy commenced	Commissioned study, working closely with DRD, Planning, Roads, DCC. DRD to be the main implementation body.	Completed in draft in April 2009. Key elements proposed new railway station closer to Ebrington.	Considered as part of SWG for Mark II Plan. Commitment secured from DRD on new dualling, subject to funding. Railway station not commenced - Translink is to conduct a further detailed Feasibility Study in 2010
	Sport Led Regeneration study	Commissioned report. DCC as implementation body	Report delivered - Led to EA of Centre of Excellence at St Columbs Park with Sport NI	Still In Progress
	Economic Impact of Investment in Sports Infrastructure	Commissioned report DCC as implementation body	Report delivered - Led to EA of Centre of Excellence at St Columbs Park with Sport NI	Still In Progress
	Applic for Elite sports provision (supporting Derry City Council)	Commissioned report. DCC as implementation body	Report delivered - Led to EA of Centre of Excellence at St Columbs Park with Sport NI	Still In Progress
	City Centre Initiative programme	Commissioned report. City Centre Initiative as implementation body	3 year programme. Completed	Completed
	City Web Portal Scoping	Scoping commissioned. DCC as implantation body	New portal introduced	New portal introduced
	Foyle convention centre, Fort George	Commissioned report Deemed to be not appropriate	Not progressed	Did not progress
	Site capability study UU Magee and NWRC	Commissioned research report	Completed	Completed
	Research study - addressing gaps in educational outturns	Commissioned research report	Completed - used to support expansion proposal for UU	Completed
	City Branding commenced (with DCC and NITB)	Partner to DCC who commissioned study and IB	City Branding Completed in 2009 although not yet executed	Branding completed

Year	Activity	Ilex role	Progress	Outcomes
			Now adopted and rolling starting	
2007/8	Application for Peace Bridge Funding submitted	Ilex as lead organisation	Funding secured 2008/9, to be completed April 2011, potential cost of £14.5m - compensation elements to be agreed	Peace Bridge to be completed April 2011 - delay in timescale and potentially over budget
	NW Challenge Fund	Management and overseeing of implementation	Completed	Project delivered successfully, £4m of NW monies.
	Research Study - Contribution of LD Port/Harbour to Regional economy	Jointly commissioned research with LD Port/Harbour	Assisted LD Port/Harbour in setting strategic objectives for next 10 years	In progress
	Innovation Promoters pilot project	Established and implemented pilot	Completed over 2 years	Completed
	Retail strategy commenced	Facilitated Retail Strategy	Being Implemented. Noted as feeding into the Mark II plan	Being implemented
	Research and introduction of social benefit clauses	Introduced policy Worked with DCC to introduce infrastructure to support policy	Included in contracts	Completed
	Non EU Student programme	Joint initiative - Supported UU to promote Derry to India for post doc students	Completed	Completed
	Computing and Electronics Scholarships scheme developed	Ilex to facilitate - UU to take lead.	UU did not progress	Did not progress
	Research to access potential for shared public space	Commissioned research report	Completed - use for Peace Application, the development of the Parade Ground	Completed
	Play Park Audit (with Derry City Council)	Commissioned Audit Supported DCC who developed a play park strategy	Completed	Completed
	World Heritage Status research and position paper	Commissioned paper with UU and DCC	Slow progress	In progress
	Arts and Culture Cluster at Ebrington	Commissioned report	Included in UK City of Culture bid. Strategic Outline Case with DCAL	In progress
	Commencement of Foyle Public Art Project	Commissioned competition DCC and Arts Council as Implementation body	Funded through NW Challenge	In progress
	Chairman's	Completed	Represented	Recommendation for

Year	Activity	Ilex role	Progress	Outcomes
	Regeneration Report		Business case for Mark II Plan	Mark II plan
	Changing patterns Changing Outcomes Equality Conference	Conference organised by Ilex	Public consultation for Mark II Plan and Equality Impact assessment	Fed into Mark II plan
	Draft Delivery Strategy	Ilex has lead in developing Delivery Strategy - at Department's instruction, Ilex has been asked to prepare a Strategic Outline Case	SOC at planning stage	In progress - yet to be completed
2008/9	Future search Conference	Ilex as lead	Informed Mark II plan	Informed Mark II plan
	Citi Scope Econometric model commenced	Ilex as lead	Completed Informed Mark II Plan	Informed Mark II Plan
	Tourism Strategy commenced	Support to DCC	In progress	DCC taking forward
	Application for City of Culture 2013	Support to DCC Ilex played key role	Led to shortlisting and success in July 2010	Successfully, designated UK City of Culture 2013
2009/10	Short listed UK City of Culture 2013	See above	See above	Designated UK City of Culture 2013
	Regeneration Plan Review Conference	Ilex as lead	Informed Mark II plan	Informed Mark II plan
2010/11	Appointment of Culture Broker	Ilex as lead	Appointment made	Completed
	UK City of Culture Designation	See above	See above	Designated UK City of Culture 2013
	Launch of draft Mark II plan for public consultation	Ilex launched draft plan in September 2010	Mark II plan launched for public consultation	Plan launched for consultation

In considering the above, it is not immediately clear as to:

- the extent to which each of the activities above support Ilex's two core objectives, although undoubtedly all link into the themes considered in the planning for the Regeneration Plan Mark II (as per para 3.6.2) and provide evidence that supports this consultative planning process;
- whether or not there is sufficient focus on delivery and the level of programme management, with a significant element of projects remaining in progress; and
- the extent to which there has been engagement with the Sponsoring Departments on the delivery of strategies and initiatives following feedback from same.

The above schedule excludes progress made by Ilex in relation to site clearance and initial works at Ebrington and Fort George, as well as works to listed buildings and construction works which have commenced at Ebrington in respect of Cunningham Square and the Parade Ground.

Other achievements include:

- Enhanced socio-economic profiling and research into the issues and challenges faced by Derry-Londonderry;
- Contribution to raising the profile of Derry-Londonderry;
- Establishment of Telehouse at Fort George;

- Securing support and funding for the Peace Bridge as a significant symbol of reconciliation across the city;
- Significant contributor to UK City of Culture 2013 winning bid.

In his report to the BDO review team¹⁶, the current Chairman states that it was only with Bill Kirk's appointment as CEO in 2006, that the formation of an Executive Team began to make progress with plans for Ebrington and Fort George, and to work with partners on a range of projects for the Integrated Development Fund (IDF). This followed on from the publication of the Indecon report and the first Regeneration Plan in 2005. As per the Chairman¹⁶, this was a 'credible first effort' at a regeneration plan, but it had many gaps and lacked involvement of, and commitment from many stakeholders. It also lacked a delivery plan and organisation. Other challenges facing Ilex in the more latter period are referred to in para 3.7.

Of the c30 initiatives referred to above, Ilex has direct responsibility for the Regeneration Planning initiatives, including the Indecon Baseline study, 2005 Regeneration Plan, the Changing Pattern, Changing Outcomes conference, the Future Search Conference, the Citi Scope Econometrics model, and the Regeneration Plan Mark II launched for public consultation in September 2010.

As noted, other key initiatives pre 2006/7 include the securing of the sites, master planning for Ebrington and Fort George, and site clearance works, remediation works to listed buildings and other works in regard to the scheduled monuments.

4.2.2 *Achievement against individual Projects*

A number of the above projects are considered in more detail as follows:

Integrated Development Fund

This was one of Ilex's first major tasks - delivered in 2004/5 and 2005/6, with the latter leveraging £122m from an input of £30.6m. Ilex has stated that it has played a role in securing the match funding, working closely with other Government Departments. Key projects include the Centre for Intelligent Systems at University of Ulster at Magee.

The Integrated Transport Strategy

Ilex led on the Integrated Transport Study (ITS), working closely with DRD, Planning Service, Road Service Derry City Council etc. Completed as a draft in April 2009, this was revisited by the Transport and Infrastructure SWG and has been formally adopted. Two key projects were the full dualling of the A6 to Belfast and the development of a new railway station at Ebrington. Ilex has indicated that many of the proposals included in the ITS have been taken forward by the SWG and have been incorporated in the Regeneration Plan.

Peace Bridge

The third bridge across the River Foyle - named the 'Peace Bridge' - was awarded £13.3m by the EU's PEACE III Programme (Shared Space initiative) managed by the Special European Union Programmes Body (SEUPB). Ilex is the lead partner in the delivery of the foot and cycle bridge, although DRD Roads Service may ultimately adopt the bridge - although this is still to be confirmed. Total timescale from the Letter of Offer accepted to commencement of construction was to be c12 months. Construction ultimately commenced in January 2010, with completion now anticipated in May 2011. Ilex has attributed the delay to a range of issues including debate within the Departments as to Ilex's role in delivering the project, delays experienced during the OJEU procurement process, and the scale of pre application

¹⁶ Chairman's paper 2008, Chairman's commentary to BDO team August 2010

planning discussions. However, the Departments suggest that Ilex did not engage with them at an early stage to identify key risks and mitigating actions.

Further delays have been experienced on site due to ground conditions on reclaimed land at the Foyle embankment, as well as unchartered services piping. The most recent costings in July 2010 suggest that the budget may be exceeded - revised to £14.5m. We understand that the SEUPB Letter of Offer states that any overruns must be borne by Ilex. As per para 4.2.1, a Business Case for additional funding has been submitted to SEUPB. Further information is provided in Appendix B.

Works at Ebrington

Work carried out on Ebrington to date totals £7.8m at March 2010, including:

- 2006 Masterplan for Ebrington;
- Site clearance (including 100+ buildings demolished), asbestos survey and removal, and site and soil surveys to ascertain ground bearing capacity and if there is any contamination;
- An extensive programme of conservation works to reinstate the Star Fort Walls and listed buildings and removal of non-original internal dividing walls in the listed buildings;
- Opening up of gun loops in Star Fort wall;
- The requirement for more scheduled monument consents from NIEA in one year than all the other organisations in NI taken together ;
- Rebuilding of portions of the Star Fort wall;
- Lighting of western Star Fort wall and Clock Tower building;
- Replacement of cover from view fencing around site;
- New walkway outside the Star Fort wall;
- Public realm work to Cunningham Square;
- Refurbishment of the Stables Block;
- Provision of a gallery space / exhibition area by refurbishment of the former ballroom of the Officers' Mess;
- Provision and furnishing of conference / marketing facilities in the site office;
- Design and planning consent for Building 11;
- Completion of Phase 1 works to Building 11;
- Tendering of work for the Parade Ground including infrastructure;
- Wind & weatherproofing and dry rot treatment to the Officers' Mess;
- Dry rot treatment to listed buildings;
- Painting of listed buildings;
- Wind and weatherproofing, including re-roofing, of listed buildings;
- Health & Safety works and emergency lighting at various locations throughout the site;
- Installation of toilet facilities for disabled access;
- Conservation report;
- Scrub removal and tree surgery;
- Sustainable Energy Evaluation;
- Transport Assessment;
- Various Economic appraisals relating to the content within the Ebrington site, including the Feasibility Study on the Arts & Culture Cluster in Ebrington, and the Arts and Maritime Museum;
- Mute Meadow (Foyle Public Art Project); and
- Delivery Strategy EA.

Two key projects are Cunningham Square and the Parade Ground.

Cunningham Square

The proposal for Cunningham Square was to transform this entrance into Ebrington, from the Limavady Road, into a public space, with sandstone paving, benches and tree planting. Project costs were estimated at £740,195k.

Action	Key Date
Economic appraisal completed	Jan 2009
Approval granted	10 March 2009
Planning approval sought	October 2008
Planning approval agreed	11 June 2009
Procurement	Measured Term Contractor through CPD
Construction commenced	November 2009
Anticipated completion date	March 2011

Current delays are due to quality control issues in relation to the sandstone, with replacement being awaited from China. The substandard stone is being replaced at no cost by the supplier and it is anticipated that the project will come in within budget.

Parade Ground

One of the largest projects planned for Ebrington in Phase I, was to include:

- The redevelopment of the Parade Ground;
- The construction of a Car Park for the Historic Quarter; and
- Associated works.

This was to be a £17.5m spend plus VAT, with the Parade Ground development to cost £7.2m and the Car parking and infrastructure works to cost £7.6m. With VAT issues still unresolved, OFMDFM has taken on the role of Accounting officer in respect of this project.

The timeline is shown as follows:

Action	Key Date
Economic appraisal completed	September 2009
Approval granted	November 2009
Planning approval sought	August 2009
Planning approval agreed	Approval being drafted and due to be issued imminently
Procurement	NEC3 Option A, through OJEU through CPD
Construction commencement date	6 September 2010
Anticipated completion date	September 2011 for entire project. First phase May 2011

Key issues relate to timing delays and funding. With regards to timescales, procurement has been an issue for the Parade Ground contract. An unforeseen legal challenge to the procurement procedures by a construction company bidding for the Parade Ground contract delayed the project award. Whilst the latter was ultimately unsuccessful, c2 months were lost.

Planning consent has also taken longer than anticipated due to issues over the width of the breach through the Star Fort Wall being agreed with NIEA.

With regard to funding, the original plan was for £3.8m to be spent by March 2010. The delays above have contributed to the underspend by Ilex in this period. Going forward, a £6m contract to redevelop the Parade Ground was awarded in August 2010. The impact on the project of the underspend and the challenges in securing funding has yet to be determined.

The departments would attribute much of the above to issues within Ilex relating to project and financial management and that as a consequence expenditure opportunities have been lost.

Works at Fort George

Capital works at Fort George have costed £2.5m against a budget (for 2008/9 and 2009/10) of £6.3m. Key areas of work have included:

- Draft Masterplan for Fort George 2007;
- Transport Assessment;
- Wind tunnel and sun path testing;
- Concrete removal;
- Spraying of Japanese Knotweed;
- Scrub clearance;
- Removal of cover from view fencing;
- Sustainable energy evaluation;
- Construction of the Hibernia Exchange Centre (Project Kelvin facility), leased from DSD to Hibernia Atlantic in March 2010, to bring direct international connectivity to Fort George and the North West of Ireland;
- Repairs and improvements to the jetty to render it suitable for use by both leisure and commercial craft, this being opened by the Minister for Social Development in August 2010;
- Extension of the cycle path onto the jetty to open it up to the public as a destination point for both walkers and cyclists and perhaps for activities such as fishing and bird watching;
- Construction of revetments on the Foyle and Pennyburn embankment to eliminate hazards, improve the visual amenity and improve flood protection;
- Partial dredging of the Pennyburn to retain and improve an important natural habitat.
- Environmental Desk top study;
- Site investigations to determine ground bearing capacity and contamination levels;
- Additional site investigations in support of negotiations with MoD on responsibility for costs of remediating hydrocarbons and other pollution on the site;
- Development of an INTERREG proposal for creation of a Knowledge Hub building at Fort George in co-ordination with Derry and Donegal Councils to the value of £13 million; and
- Delivery Strategy EA in progress.

A key issue is the contamination of the site at Fort George. DSD is in discussion with MoD to determine how to make good on the indemnity granted. The Department is hopeful that this issue will be resolved quickly.

Regeneration Plan Mark II

With regard to the Regeneration Plan Mark II, and the research that pre-dated this, this has been an extensive consultative process, as per para 3.6.2. The participative nature of the Citi-Scope project and subsequent analysis has, in particular, been deemed to be ground breaking in its bottom up approach. The consultation process around the Regeneration plan Mark II has sought to balance inclusiveness with timescales. The Regeneration Planning process was envisaged initially as being a year long exercise with commencement in November 2008 and target completion in November 2009 (subject to other approvals). Ilex would attribute the delay to September 2010 to the complexity of the process, the need to ensure full consultation, including across both communities, and taking longer than anticipated to getting all necessary approvals. Ilex believes that the delay in finalisation of the draft plan will be justified by the degree of ownership of key stakeholders.

Budgetary Performance

In terms of budgetary performance, budgeted and estimated expected spend costs can be assessed for all spend in excess of £100k (as per the Business Case) with this provided by Ilex:

Project	Business Case Value £'000	Total Expected Spend £'000	Variance (Over/Underspend) £'000
Parade Ground			
Economic Analysis	50	35	15
Design/Build	20,190	20,190	-
Design of Parade Ground	552	1,048	(496)
Design of Infrastructural Works	546	287	259
Design of Infrastructural Work - Car Park etc	525	158	367
Cunningham Square	740	724	17
Building 11	1,059	1,059	-
Foyle & Pennyburn Embankment	3,262	3,262	-
Project Kelvin	523	522	1
Regeneration Projects			
Reg Plan MkII	270	240	30
Professional Services	275	219	56
Economic Modelling	230	245	(15)
Programme Management	180	170	10
Riverside Masterplan	153	122	31
Peace Bridge	13,343	13,343	5,285
Total	41,898	41,624	274

The above would highlight areas of over and underspend, each of which can have implications for financial budgeting within Ilex and its Sponsoring Departments.

4.3 Overall Performance against Ilex Targets

As part of our review, consideration has been given to the target set for Ilex in the Regeneration Plan 2005 and subsequent Business Plan Targets for 2006/07 to 2009/10. These are considered in Appendix C. With regard to the Regeneration Plan 2005 in particular, and applicable to the Business Planning targets, Ilex's role is often that of facilitator and coordinator, with responsibility for implementation often resting with other Departments.

Ilex has prepared various Post Project Evaluations over the last number of years. Notwithstanding this, BDO would contend that there has been no comprehensive and consistent assessment of achievement against annual targets by Ilex over the seven year period, although Ilex would contend that it has got better. The organisation has tended to focus on actual rather than planned achievements, although steps to rectify this are now being taken. We understand from review of various minutes of liaison meetings that the main areas of challenge by the departments from commencement would have been in relation to performance against objectives and targets, as well as associated issues relating to staffing, governance, etc.

A review of the 2005 Regeneration Plan and Business Planning targets in Appendix C would raise the same concerns as noted in paragraph 4.2.2 as to the extent to which all of the activities above support Ilex's two core objectives and the progress made on delivery. The main targets by which the Sponsor Departments would measure Ilex are the twin objectives of Regeneration and the development of Fort George and Ebrington.

In the full period from commencement, there has been relatively little achieved in terms of development at the two sites and there has been a prolonged regeneration planning process:

Objective	Progress	Overall Assessment
Regeneration Plan	<ul style="list-style-type: none"> • First Plan issued 2005. • Plan for reissue agreed in November 2008 for a 12 month period. • Mark II draft plan launched September 2010 for public consultation. 	<ul style="list-style-type: none"> • First Plan did not 'take root' • Second Plan at least 9 months late • Thorough methodology to develop Mark II Plan.
Ebrington	<ul style="list-style-type: none"> • Master Plan 2005 • Site preparation • Cunningham Square due for completion March 2011. • Parade Ground due for completion May 2011. • Delivery strategy not yet agreed. • Financial underspends. 	<ul style="list-style-type: none"> • Targets not achieved in terms of timescale or capital spend.
Peace Bridge	<ul style="list-style-type: none"> • Peace Bridge due for completion May 2011, at a potential cost of £14.5m versus £13.3m budget. 	<ul style="list-style-type: none"> • Targets not achieved in terms of timescale or capital spend. • Peace Bridge potentially over budget.
Fort George	<ul style="list-style-type: none"> • Draft Master Plan 2007. • Site preparation. • Hibernia Exchange. • Issues with contamination being resolved by Sponsor Department. • Financial underspends • Delivery strategy not yet agreed. 	<ul style="list-style-type: none"> • Targets not achieved in terms of timescale or capital spend.

4.4 Performance in respect of Government Objectives & Targets

4.4.1 Relevant Objectives & Targets

In terms of government objectives, there has been limited progress made against core objectives from commencement and physical developments on the two sites have been relatively minor. There have also been achievements, including the City of Culture bid success, the launch of the draft Regeneration Plan Mark II, and the soon to be completed Peace Bridge, particularly evident in the last 2 years;

In terms of timescales for delivery, these have already exceeded those originally projected, with rationales set out above. The PfG/Investment Strategy for Northern Ireland 2008-2011 noted the objective of having '*substantial parts of Ebrington and Fort George built out by 2011*'.

DSD's Investment strategy for 2008-2011, for Fort George/Ebrington notes that:

'The redevelopment of Fort George and Ebrington are subject to masterplans that will inform the redevelopment. The redevelopment of the sites will create a wholly new and sustainable urban environment at the Northern gateway to the city. A well balanced and integrated mix of uses will establish interest and economic vitality, reshape the Strand Road as an important urban corridor and open the riverfront. This will trigger the regeneration of the surrounding area and together with the redevelopment of the Ebrington site significantly extend the city centre area'.

4.5 SWOT Analysis

On the basis of our review of Ilex URC - both primary and secondary research highlighted above and in preceding sections - we outline below our current assessment of the organisational strengths, weaknesses, opportunities and threats (SWOT Analysis).

This assessment forms a precursor to our review conclusions and potential delivery options forward in sections 7 and 8 respectively.

4.5.1 *Strengths*

We would assess the key strengths of Ilex URC as follows:

- The alignment of the organisation with a range of local, national and EU policies and strategies;
- The ability to act as key influencer and contribute at a significant level to the successful 'UK City of Culture' 2013 bid, led by Derry City Council ;
- The significant experience and expertise of the current Ilex URC Board;
- The ability to harness city wide representation and membership to the Strategy Board and associated Sectoral Working Groups;
- The ground breaking and inclusive nature of the regeneration planning process for the Mark II Plan, including the Equality Impact Assessment process, and the extent to which relevant local stakeholders from all sectors and backgrounds have been engaged;
- The ongoing coordination and management of a range of complex stakeholder relationships, often with apparently conflicting objectives;
- Improved communication between Ilex and the Sponsor Departments, facilitated by all parties;
- Contribution to increased optimism through Regeneration Planning (and underpinning research), City of Culture win, Telehouse and a shared vision across the city, etc; and
- Positive impact of the current leadership team comprising Chairman and Chief Executive.

4.5.2 *Weaknesses*

We would assess the key weaknesses of Ilex URC as follows:

- Lack of any significant 'early wins' for the City during the initial years of the company, particularly at a time when funding, public and private, was more plentiful;
- The changes to the Chair and Chief Executive from the commencement of Ilex URC have undoubtedly impaired performance to date;
- Poor programme management for most of the period under review has contributed to a lack of progress in relation to development of the sites at Fort George and Ebrington;
- Delay in finalisation of the current draft regeneration plan - Mark II - for public consultation, although deemed to be essential to ensure buy-in;
- Difficulties experienced in achieving the right balance between inclusive consultation and translating plans into delivery;
- Poor financial budgeting¹⁷, with significant underspend and a lack of early notification of such;
- Delay in developing the delivery strategies, together with a lack of traction thus far with the private sector development community;
- Difficulty in establishing a partnership approach to working with the Sponsor Departments;
- Tensions within some elements of the senior management team, likely to be impacting negatively upon project management;
- Lack of a dedicated and consistent project management process for all projects;
- Monitoring and review of corporate, business and project plans, although there has been progress in recent years;
- Need to build more effective relationships with CPD;

¹⁷ Albeit partly attributed to external factors, including site issues, beyond Ilex's control

- Current payment arrangements mean that Ilex URC is unable to reclaim VAT, with this, for the Parade Ground contract, moving the Accounting responsibility to the Sponsoring Department;
- Further attention to quality assurance and financial management responsibilities; and
- What is perceived as 'micro management' by senior Ilex staff is considered to be essential governance by the departments.

4.5.3 Opportunities

We would assess the current opportunities for Ilex URC as follows:

- The finalisation of the current draft regeneration plan for consultation presents an opportunity for stakeholder ownership and commitment to the substantial challenge of regenerating Derry-Londonderry going forward;
- The opportunity to develop out the Fort George and Ebrington sites, following agreement between Ilex and the Sponsoring Departments on the delivery strategies for the sites, and in parallel with finalisation of the Regeneration Plan;
- The addition of four new non-executive Board members, should enhance skills and representation at this level in relevant key areas;
- The successful 'UK City of Culture 2013' bid presents opportunities for renewed focus on Derry-Londonderry and an enabling environment to deliver the Mark II Regeneration Plan;
- The extensive consultation exercise associated with regeneration planning ensures that Ilex should have access to key stakeholders going forward;
- The completion of the Peace Bridge will provide benefits to the city, and should crystallize efforts to regenerate Ebrington;
- The appointment of a new Director with responsibility for Corporate Affairs should improve coordination across the organisation;
- The new Director position will also facilitate enhanced external and strategic engagement by the Ilex URC Chair and Chief Executive;
- Scope to enhance relationships with sponsoring Departments to maximize cohesion and collaboration;
- Opportunity to increase engagement with private sector investors on foot of the successful 'UK City of Culture 2013' bid and finalization of regeneration plan consultation;
- Staff at Ilex identify scope for improved communication/coordination within the organisation at senior management levels;
- Ilex staff have identified the need for improved team working to enhance synergies;
- Opportunity to reduce the level of scrutiny by the Sponsoring Departments on behalf of their Ministers as Ilex demonstrates achievement against targets in accordance with government procedures; and
- Opportunity to build upon recent achievements of current organisational leadership.

4.5.4 Threats

Threats to Ilex URC could be perceived as follows:

- Further changes in key positions at this stage of the organisation's life;
- Further delays in relation to progress at two sites and in finalising the regeneration plan could undermine credibility of Ilex URC;
- Current economic climate presents significant challenges in terms of both constrained revenue and capital budgets; and
- Any upsurge in civil unrest could undermine efforts to galvanise and reconcile local communities.

The above represents a SWOT analysis for Ilex. Other challenges relate to the Sponsor Departments in their workings with Ilex, with some Ilex staff suggesting a disparity in

management approach by the two sponsoring departments, with consequent lack of consistency or clarity of expectations.

4.6 Concluding remarks

The key conclusions from our review of organisational performance are as follows:

- *Ilex has fulfilled an important role as facilitator and coordinator* - it is evident from the long list of key activities undertaken by Ilex URC that the organisation has become 'embedded' in the city and region, and has played a significant role as facilitator across a range of relevant projects and key stakeholder groups - not least of which has been the successful UK City of Culture Bid 2013 and the recently launched Regeneration Plan Mark II;
- *Our analysis suggests areas of strength and improvement in recent years* - key achievements relate to the company's role in the UK City of Culture 2013 bid, improved stakeholder engagement and the consequent Mark II Regeneration Plan. These signs of recent progress contrast with the early challenges experienced by the organisation;
- *However, particular concerns relate to programme and consequent financial management issues* - whilst there have been unexpected events outside the organisation's control, Ilex has underperformed over the seven year period reviewed on the delivery of targets for Fort George and Ebrington. The level of underspend has been significant, despite the efforts of Ilex staff to achieve the targets set, and evidence of more accurate forecasting in the February 2009/10 Monitoring round. The appointment of a new Director of Corporate Affairs should assist with this issue;
- *There is much still to be done in relation to its original vision and objectives* - there is still a challenge in ensuring the finalisation of a regeneration plan and physical development on the sites at Fort George and Ebrington. However, the current leadership team has brought greater focus to the company's remit and a more positive atmosphere conducive to partnership-working is evident; and
- *Current 'best practice' for ALBs has particular relevance for Ilex URC* - there has been positive progress in the last 2 to 3 years but more could be done to prioritise the development of a cooperative and collaborative working relationship between Ilex and central government.

5 STAKEHOLDER FEEDBACK

5.1 Introduction

As noted earlier, the objective of Stage III of our methodology - which comprised a combination of primary research techniques - was:

'To assess the relative performance since establishment of Ilex'

This section presents our findings in relation to the breadth and depth of our primary research work programme, namely:

- Internal (Ilex URC) Consultations;
- External Stakeholder Focus Groups;
- Ilex Staff Feedback; and
- External Stakeholder Consultations.

Finally, we conclude on the key messages arising from our primary research. Supporting detail/data is provided in Appendix D.

5.2 Internal (Ilex URC) Consultations

BDO has completed a number of interviews with staff and Board members of Ilex URC. These have included discussions with:

- Sir Roy McNulty, Chairman
- Aideen McGinley, Chief Executive
- Mary O'Dwyer, Director of Finance & Corporate Affairs
- Gerard McCleave, Director of Strategy & Regeneration
- Brenda Fraser, Director of Development
- Mo Durkin, Communications manager
- Sean Currie, programme manager

The views of the team at Ilex URC can best be represented by a paper submitted to BDO by the organisation on Friday 27th August 2010 in support of our review. The latter considers the following areas:

- Extent to which Ilex has achieved its Objectives since its inception;
- Delivery against Objectives;
- Programme/Project Management;
- Financial Management;
- Focus on key Objectives and Priorities;
- Private Sector Engagement;
- Departmental Co-ordination and Co-operation;
- Governance/Internal Controls;
- Organisational Capability / Team Working; and
- Future Structures.

We summarise below the key messages contained within the Ilex URC paper.

5.2.1 *Extent to which Ilex has achieved its Objectives since its inception*

The Ilex document reflects at the outset that as a result of a number of personnel and Board issues *'not a great deal was achieved by the Company over the period 2003-2006'*. Since 2007, the organisation believes that it has made progress in relation to:

- Winning the UK City of Culture 2013 designation;
- Reaching consensus on a new Regeneration Plan; and
- Development of the Peace Bridge.

However, it states that *'progress on Ebrington and Fort George has been a good deal slower than initially planned'*. The Ilex paper suggests that *'what is critical for the way ahead'* is that:

- Agreement is reached on delivery strategies for the two sites and updated development masterplans; and
- Elements to ensure delivery of the new Regeneration Plan are put in place with partners. This will include: detailed action and investment plans; programme management and monitoring; effective marketing and communication; and broad stakeholder support.

The Chairman concludes in relation to achievement of objectives by stating that *'Ilex has made good progress over the past 3 years, in view of the challenging task it has, the challenging environment in which it operates, and the poor state of the Company at the beginning of that period'*.

5.2.2 Delivery against Objectives

The Ilex URC paper identifies achievements in relation to strategy and regeneration interventions as:

- IDF Programme (2003/04);
- Indecon Report (2005);
- Peace Bridge Funding secured (2008/09);
- UK City of Culture 2013 Designation (July 2010); and
- Production of Draft of Regeneration Plan to proceed to public consultation (September 2010).

The organisation identifies achievements in relation to Ebrington and Fort George as:

- Masterplan for Ebrington (2006);
- Draft Masterplan for Fort George (2007);
- Asbestos removal and demolitions completed at Ebrington (2008);
- Refurbishment of jetty and repairs at Fort George (2009/10);
- Commencement of Peace Bridge (2010);
- Mute Meadow contract signed (2010); and
- Construction and lease of Hibernia Exchange Building at Fort George - part of Project Kelvin (2010).

The Ilex URC paper recognises that over the last three years there has been c£11 million of underspend by the organisation compared to business plan, but attributes this to resourcing issues, delays in approvals, etc.

The Chairman concludes in relation to delivery that *'regeneration planning projects have generally made good progress'*. However, whilst up until 2009 *'it could have been argued that inadequate programme/project management was one of the causes of slippage'* the current programme management regime is more *'pragmatic'* but *'cannot build in time allowances for legal challenges, the length of time for discussions with MoD and other unexpected events which have occurred outside normal planning parameters.'*

5.2.3 Programme/Project Management

In relation to this aspect of its work, the Ilex paper acknowledges that *'until 2009, Ilex did not have a proper Programme Management system or dedicated Programme Manager'*. The organisation is more positive about its current capabilities in relation to programme /project management, but concludes that *'there is further work to do in Ilex and with the sponsor departments to reduce delays in project approvals'*.

5.2.4 Financial Management

The Ilex document recognises that *'in the early years of the Company (pre 2006) there were significant issues in relation to compliance with statutory regulations and internal controls'*. However the organisation affirms that *'these matters have now been fully addressed and resolved'*.

The organisation ultimately assesses that in relation to financial management:

- *'the repeated underspends are evidence not of inadequate financial management, but of slippage in the major projects'*;
- *'continued attention'* is required to ensure effective communication within Ilex and with sponsor departments; and
- whilst the current financial system is deemed to be *'fit for purpose'*, it will need to be *'developed further....to meet the demands of the new Regeneration Plan and its accompanying Investment Plan'*.

5.2.5 Focus on key Objectives and Priorities

Ilex asserts that it is *'well focused on its key objectives and priorities'*, but that there has been a *'disconnect'* between Ilex's view of its role and the views of its sponsor departments. In particular, the organisation describes the work in relation to City of Culture designation as *'a heaven sent opportunity to inject real impetus into the strategies for Tourism, Arts and Culture'*.

5.2.6 Private Sector Engagement

Ilex highlights that *'there has been considerable dialogue over the past 3 years with private sector interests'* and that *'the private sector were also key partners in the development of the Regeneration Plan and City of Culture bid'*.

It suggests that *'maximising the benefit of private sector engagement'* with developers going forward will depend upon:

- resolution of the Fort George contamination issue;
- agreement with the departments on delivery strategies; and
- *'Ilex being in a position where it has a reasonable level of freedom to progress discussions and negotiate'*.

The organisation reports rising investor confidence in the city as a consequence of the 'City of Culture' bid success.

5.2.7 Departmental Co-ordination and Co-operation

Whilst the organisation recognises that *'the relationship with the two sponsor departments today is better than it has been in recent years'*, it suggests that there is still room for improvement. The latter encompasses:

- Reducing sponsorship to one department;
- Reducing *'micromanagement'*;

- Developing a ‘more constructive and supportive relationship’; and
- ‘making more strategic use of the annual reporting arrangements with departments and Ministers’.

5.2.8 Governance/Internal Controls

The Ilex paper states that ‘the overall system of governance and internal controls is adequate for current circumstances’, but that improvement could be made in a number of aspects including relation to:

- quality of reports to the Board; and
- one department leading on finance and administration.

The organisation points to different reporting systems and business focus of the two departments which creates a disproportionate burden on the company.

5.2.9 Organisational Capability/Team Working

The staff complement at Ilex has grown from 3 at the outset to currently 23 people. The paper recognises that ‘the company has faced sensitive issues of interpersonal and team relations in the past’. However, it is now using a ‘Balanced Scorecard process to commence a programme of team building that will be further developed over the next year as a priority’.

Ultimately, the Ilex paper concludes that:

- ‘there have at times been tensions at the senior executive level’;
- ‘since the advent of the new CEO the underlying issues are being addressed effectively’;
- ‘the new role of Director of Corporate Affairs will be of considerable assistance’;
- ‘but there is still further work to be done in terms of organisational development....and in terms of processes and relationships with sponsor departments’.

5.2.10 Future Structures

The Ilex URC paper concludes by summarising its assessment of progress against the review completed by the Chairman in June 2008, as follows:

Chairman’s Recommendation in 2008	Completed - Underway	More to be Done
Mission	✓	
Leadership	✓	
Energy: new CEO + CEO, DCC	✓	
Structures: SIB / SWG	✓	
Delivery Structures: Future Search	✓	
Creating Coalition: Departments & SB		✓
Vision: “competitive, connected, creative & caring city”	✓	
Delivery Capability: Ilex (DCC changing)		✓
Clarity: Regeneration Plan Process		✓
Resources: Investment Plans		✓
Linkages: NW Hub, EU, International		✓
Ambition & Focus	✓	
Build confidence & credibility	✓	✓
Quick Wins: Bridge, Parade Ground, City of Culture, Plan Process	✓	
Can Do / Self Help	✓	✓

The key challenges remaining are highlighted by Ilex as:

- Development of the two sites;
- Finalisation of One Plan and Vision for the City;
- The development of an Investment Plan;
- Completion of the EQIA for the Plan;
- Effective delivery structures for the Plan;
- Outputs and outcomes achieved i.e. jobs and investment;
- Continuing positive development of relationships, internally and externally;
- Attracting investment and support public and private sector;
- Marketing the Derry-Londonderry proposition as the hub City for North West; and
- Developing further external linkages with London, Rol, EU and USA.

Ilex URC believes that the way forward for the organisation - to address these challenges - should encompass:

- Setting a lifespan for the organisation to deliver the Regeneration Plan out to 2020;
- Improving structures and processes for support from sponsor departments;
- Streamlined reporting to sponsor departments to minimise bureaucracy;
- Resolving the 'disconnect' between the views of the sponsor departments and Ilex on the Company's role in regeneration;
- Ensuring the 'powers' and structures necessary to deliver as per the founding documents are in place, in particular in relation to site ownership;
- Resolving the status of the Company in relation to VAT;
- Confirming the delivery strategies for the sites;
- Ilex developing its communication and marketing capacity; and
- Continuing to prioritise proactive stakeholder engagement and the management of relationships.

The paper states that *'in the long run it seems possible that Ilex's functions could be taken over by Derry City Council, but we are not today within sight of a point where that could be done without serious loss of momentum'*. More specifically, the paper suggests that *'there is now widespread acceptance that Ilex has a key role to play as a lead partner in the regeneration of the City.....at this point in time, Ilex can achieve things which neither the sponsor departments nor Derry City Council are in a position to deliver'*.

The paper concludes with the following:

'Ten years is a short time in regeneration terms and in the life of a City, especially one that lies at the bottom of the urban league tables, and the sponsor departments are very aware of the challenges of working in similar situations elsewhere. Ilex exists because of its strategic ability to steer, broker, negotiate and support the transformation as the capacity, capability and confidence of the City grows. Ilex today is integral to building and sustaining that growth'.

5.2.11 BDO Observations on the Ilex Paper

We would draw the following observations from the paper presented by the Ilex URC Chairman to BDO in the context of this review:

- The paper outlines the significant challenges faced by Ilex URC;
- The paper notes the achievements to date including the leadership and progress on the Parade Ground, the Peace Bridge, the City of Culture bid and the Regeneration Plan Mark II;
- The organization recognises that limited progress has been made against its core objectives from commencement - an agreed and 'owned' regeneration plan awaits

public consultation and physical developments on the two sites have been relatively minor;

- The paper points to other achievements including the City of Culture bid success, Peace Bridge, etc particularly evident in the last 2 to 3 years;
- The degree of acknowledged under-spend in recent years reinforces the Chairman’s own conclusions that further improvements are required to project and financial management;
- The organisation recognises the need to further build private sector engagement going forward;
- The Chairman reflects that a programme of organisational development is still required - which suggests that performance management should feature prominently; and
- Ultimately, Ilex URC suggests a potential transition of the remit of the organisation into Derry City Council - however, we could potentially see an earlier transition than 2020 (offered by Ilex) if the ‘Review of Public Administration’ in local government progresses over the coming years.

5.3 External Stakeholder Focus Groups

As part of the consultation process, BDO facilitated two focus group sessions with a mix of Business, Community and Voluntary sectors representatives. In agreement with the steering group and Ilex URC, the Chairs and Vice Chairs of the Ilex Sectoral Working Groups were identified as potential participants on the groups. Out of a total of 24 individuals, 12 were available to engage in the process, these included:

Name	Background	Position on Sectoral Working Group	Sectoral Working Group
Jim Roddy	CCI Derry	Vice-Chair	Citizenship & Civic pride
Valerie Watts	Derry City Council, Chief Executive	Chair	Citizenship & Civic pride
Bridget Meehan	Waterside Area Partnership	Chair	Development of City Region Assets
Kevin McGovern	Independent Consultant	Vice-Chair	Development of City Region Assets
Rosa McLaughlin	Foyle Learning Partnership	Chair	Education & Skills
Catherine Cooke	Foyle Womens Information, Coordinator	Vice-Chair	Enterprise & Employment
Wayne Ford	Transition Derry	Chair	Environment & Conservation
Ann Doherty, Dr	GP	Vice-Chair	Health & Well Being
Seamas Heaney	Old Trust Library, Project Director	Chair	Health & Well Being
Cathal McCauley	Outer North NPB, Chairperson	Chair	Successful Neighbourhoods
Matt McNulty	Independent Consultant & Ilex Board Member	Chair	Tourism, Arts, Culture & Leisure
Tony Henderson	Derrys Walls	Vice-Chair	Tourism, Arts, Culture & Leisure
Ross McGill	Sustrans	Member	Transport & Infrastructure

Topics for discussion included:

- Significant achievements to date;
- Performance to date;
- Responsiveness and Relationships;
- Quality of service/delivery;
- Impact of the organisation/value for money;
- Synergies with other bodies/agencies;
- What works well and what could work better; and

- Agenda/priorities/changes going forward.

In general, focus group participants were positive about the principles of inclusiveness and engagement applied by Ilex URC to the regeneration planning process. However, some questioned the extent to which Ilex URC has reflected and incorporated the views of key stakeholders in the emerging draft plan for the city.

5.3.1 *Achievements*

Whilst most participants recognised the Peace Bridge as a significant achievement for Derry, they were confused as to what role Ilex had actually played in its establishment. In general there were varied opinions as to the remit and responsibility of Ilex, so whilst regeneration activities in the Derry area were cited, individuals were unsure as to the extent to which Ilex had contributed to such regeneration.

With the recent UK City of Culture 2013 bid and the release of the Saville report, comment was made on the very positive atmosphere in the City. Individuals felt that this air of optimism should be used as a catalyst to ensure delivery of regeneration continued.

5.3.2 *Performance*

Overall, the view was that delivery by Ilex appeared to be very slow, with momentum only being realised over the last couple of years. Participants recognised the enhanced engagement with the Sectoral Working Group process and considered this to be a move in the right direction.

5.3.3 *Responsiveness and Relationships*

The view of the participants in this area was mainly related to their involvement on the Sectoral Working Groups. Most recognised that the Ilex team were polite, respectful and enthusiastic in their approach. Concerns were expressed in relation to the drafting of the regeneration plan, with some groups feeling their input had not been reflected sufficiently.

5.3.4 *Quality of service/delivery*

Participants related this area to their effectiveness of the Sectoral Working Group process. Again, the common view was that the move to a participative democracy was a positive one. However there appeared a strong view that the wrong people were hosting this process i.e. that the process should have been managed and monitored by local experts, those with expertise in facilitation and participation, with follow through on reflecting the input into the Regeneration Plan document.

5.3.5 *Impact of the organisation/value for money*

Most participants felt that Ilex had played a role in being a catalyst for regeneration in the area. Some concerns were expressed over its value for money.

5.3.6 *Synergies with other bodies/agencies*

The move to greater engagement was welcomed, and participants were positive in relation to the work that had happened in this area. The area of Health was highlighted as potentially being underrepresented at Board level.

5.3.7 *Agenda/priorities going forward*

Views and opinions of Ilex varied from person to person, with some participants being more confident than others on its achievements. There was a common belief that something had to change. The key areas for change/improvement included:

- Give more value to expertise and input of individuals that sit on the Sectoral Working Groups;
- Focus on integrated thinking and strategic partnerships with those responsible for economic development in the area;
- Move from the planning stage and start on physical delivery; and
- Keep focused on task at hand.

5.4 Ilex Staff Feedback

An online staff questionnaire was designed to gauge the views and perceptions of individuals from within Ilex, on the key themes discussed in both the consultations and focus groups. This allowed, confidentially and anonymously, all staff to feed into the review process by responding to qualitative and quantitative questions. Some 16 staff questionnaires were completed and returned to BDO (64% of total personnel within Ilex URC) by the deadline. To ensure the confidentiality and anonymity of the responses, the questionnaire did not ask for grade or directorate. Detailed tables are presented in Appendix D.

5.4.1 *Achievements and barriers*

Key achievements identified by staff included:

- Indecon Baseline Survey;
- IDF funded projects;
- City of Culture bid;
- Peace Bridge;
- Masterplans for the two sites;
- Knowledge Hub; and
- Project Kelvin, etc.

Key barriers included:

- Lack of cohesion with sponsors;
- Not being allowed to operate as an Arms Length Body;
- Poor staff relations;
- More powers to implement change;
- Economic downturn;
- Lack of private finance/investment; and
- Decontamination issues at Fort George.

5.4.2 *Priorities going forward and potential barriers*

Staff within Ilex identified the following potential priorities going forward:

- Additional power and responsibilities;
- Agreement and implementation of Regeneration Plan Mark II;
- City of Culture Delivery;
- Further the development of the two sites;
- Completion of Peace Bridge;
- Develop relationship with private sector;
- Innovative financial solutions to funding cuts;
- Creation of investment and delivery plans, etc.

Potential barriers going forward included:

- Economic recession;

- Being unable to further alternative funding possibilities such as joint ventures;
- Lack of focus on delivery;
- Poor internal communication leading to poor external communication;
- Continued poor staff relations;
- Failure to generate genuine partnerships;
- Sufficient staff resources; and
- Lack of consensus on way forward, etc.

5.4.3 Assessment of the Company’s performance

Overall, the Company scored reasonably well against all indices measured. Areas of enhancement suggested by staff include:

Key areas for enhancement	Enhancements:
Corporate and business planning	Better monitoring and review of plans; Greater understanding of individual projects; and Better consultation with a wider range of stakeholders to ensure that corporate objectives reflect the local issues.
Governance	By ensuring all staff are conversant with the agreed processes; and Some procedures could be streamlined to reduce the bureaucracy.
Measuring Performance	Timely and focused appraisals; Better communication; Easy and readily available access to up to date financial information regarding costs and spend to date on projects; More accurate and timely management accounts; Discussion on finance situation with other directorates; Obtaining support, trust and buy in from sponsor departments; and Better use of established programme management regime.
Stakeholder Engagement	The work on the Regeneration Plan and the new CEO has greatly improved Ilex's stakeholder engagement- this needs to be maintained; Better relationships with Sponsoring Departments; and Engagement of executive team at higher level to ensure decisions taken strategically.
Organisational Structure and Design	Slicker operation, if there were much improved teamwork, less silo based and with clear lines of responsibility; Assistance in preparation of Business Cases/Economic Appraisals e.g. dedicated economist; Project management; and Staffing levels need to be improved within both the Development and Finance & Corporate Affairs directorates. Common areas identified as overlaps included: Disproportionate level of staffing in support functions e.g. Finance and Corporate Services, as opposed to delivery directorates; and No central filing system and so huge potential for duplication of papers.
Service delivery	Higher delegated limits to CEO and Board; Less bureaucracy; Replacing CPD with private sector providing procurement support on Ilex's behalf; Sponsor Departments having 'light touch' approach; Having ability to operate fully as an Arms Length Body; and Quicker approval of Business Cases internally and from Sponsoring Departments.
People Management	More emphasis on reporting structures; By developing "Team Ilex" as opposed to slipping into a "Silo" situation; Temporary staff and secondments improve responsiveness but there is a tendency for over-reliance and extension to periods of secondment create uncertainty; and Regular staff meetings. Holding staff to account for their responsibilities;

Key areas for enhancement	Enhancements:
	Management development; Enhance promotion opportunities and financial incentive to improve performance; and Introduce formal staff development plan.
Organisational Leadership	Leadership to refocus on core objectives in line with the Regeneration Plan Mark II; Communications and Finance not working in silos; Better team working; Focused executive team meetings dedicated to project work; and Executive team more closely aligned with CEO.

5.4.4 Organisation, Directorate, Team

To bring the questionnaire to a conclusion, individuals were asked to comment on the overall success and improvements that could be made at an organisational level, directorate level and team level. A number of common themes were identified, namely:

Organisational

What works well:

- Relationship between Strategy and Regeneration and Development teams;
- CEO outward communication and stakeholder engagement and contacts;
- Board support for Regeneration Plan Mark II;
- Cross directorate communication at levels below the executive team; and
- Graduate placements have been very beneficial and added value.

What could work better:

- Communications and PR-external and internal;
- Executive team collaboration and communication, respect and support of directorate objectives, workload and priorities;
- Better use of existing skills and processes e.g. programme management;
- Overall team spirit and working together;
- Being treated as an arms length body with freedom to single mindedly pursue Ilex objectives;
- A lighter touch by the sponsor departments;
- Better management of reporting to ensure one report suits all rather than current multiplicity of report for the same subject;
- More dedicated resources and less secondees and long term temporary staff; and
- Respect and valuing of permanent staff personally as well as their individual knowledge and expertise.

Directorate

What works well:

- Collaboration and co-operation between team;
- Varied personalities and skillsets are complementary;
- Working with private sector teams; and
- Programme management has added depth/credibility to the work of the directorate.

What could work better:

- Assistance for directorate with preparation of Business Cases and Economic Appraisals;
- Better and more professional, focussed, proactive and timely support from CPD;
- Time for focus on delivery rather than bureaucracy and multiple reporting; and
- Dedicated administrative support.

Team

What works well:

- Very strong teams who are results driven and have an excellent work ethic;
- Relationship and support between Strategy and Regeneration and Development directors; and
- Commonality of purpose with CEO.

What could work better:

- Support and assistance from Finance and Communications;
- Communications between directorates, and directorates and CEO;
- Accurate and timely financial information being available from finance directorate to other directorates;
- Commonality of approach to internal business cases and procurement e.g. one rule for all;
- Commonality of dedication to Ilex objectives rather than personal agendas; and
- Proportionate governance, processes and bureaucracy.

5.5 External Stakeholder Consultations

We have completed a range of structured 'one-to-one' consultations with key external stakeholders of Ilex URC. The target consultees were agreed at the outset by OFMDFM, DSD and Ilex URC. Details of the areas covered in these sessions can be found in an Appendix. Specifically, BDO has consulted with the following external stakeholders (in addition to those participating in the focus group sessions):

- Noel Lavery, OFMDFM;
- Alan Maitland, OFMDFM;
- June Wilkinson, OFMDFM;
- Jackie Kerr, OFMDFM;
- David Ferguson, DSD;
- Brian Doherty, DSD;
- Paul Laughlin, DSD;
- Pauline Campbell, DSD;
- Mel Higgins, DSD;
- Richard Pengelly, DFP;
- Peter King, Special Advisor;
- Paul Kavanagh, Special Advisor;
- Michael McKernan, Special Advisor;
- Maurice McKinley, Central Procurement Directorate;
- Kyle Alexander, Strategic Investment Board;
- Valerie Watts, Derry City Council;
- Cathal McCauley, Neighbourhood Renewal Group;
- Jim McColgan, Neighbourhood Renewal Group;
- Willie Lamrock, Neighbourhood Renewal Group;
- Gerry Quinn, Neighbourhood Renewal Group;
- Des Gartland, Invest NI;
- Patricia Devine, Invest NI;
- Andy Best, NITB;
- Jim Salmon, Londonderry Chamber of Commerce;
- Seamus Murphy, FEC;
- Pdraig Canavan, U4D/Local businessman; and
- Garvin O'Doherty, Local businessman

The views and perceptions of the consultees on the achievements, successes and effectiveness of delivery of Ilex URC varied greatly, although most raised concerns about value for money and rate of delivery. Whilst there was a sense of improvement over the last couple of years, external consultees emphasised the requirement for further improvements and change going forward.

5.5.1 Achievements

Across the consultations, significant achievements identified included:

- recent work towards the Regeneration Plan Mark II;
- enhanced engagement across the community, voluntary and business sectors;
- a catalyst for a single vision for the Derry area;
- contribution to the 'UK City of Culture 2013' bid process;
- a focus on the local cultural sector;
- the beginning of work on the Peace Bridge; and
- the development of a project management system.

There was general discontent expressed, however about the length of time it had taken Ilex URC to get to this point. A common concern was the length of time Ilex URC seemed to have spent in the planning phase, with limited physical delivery.

5.5.2 Relationships and Responsiveness

Consultees stated that significant improvements have been made over the last c2 years in how the organisation engages with and develops relationships across its key stakeholder groups. Consultees were keen to see this momentum continue. Concerns were expressed as to the extent to which the final Regeneration Plan Mark II will actually reflect the inputs/needs of key stakeholder groups.

In defining the relationship with Ilex URC, stakeholders used language including '*strained*', '*frustrating*', '*reserved*' and '*slow to respond*'. It was suggested by some that Ilex's consultation processes were too complex and time consuming.

5.5.3 Performance

Whilst most consultees recognised the complexity of the challenge and remit, overall performance to date was described as '*disappointing*'. This perception was evidenced by the lack of physical delivery on the two sites at Ebrington and Fort George, together with delays in relation to the current Regeneration Plan Mark II.

Whilst some consultees recognised the impact of changes to CEO and Chair, they also suggested that Ilex had missed opportunities for 'quick wins' through early development at the two sites. Consultees recognised that improvements had been seen over the last 18 months and that the organisation was moving in the right direction. However, they stated that Ilex was still hampered by slow delivery and cumbersome consultation processes.

5.5.4 Engagement with Private Sector

Across the consultees, no stakeholders could give examples of private sector investment that Ilex URC had either been directly involved in, or had contributed to for the area. However, it was noted by one consultee that Ilex has been included in talks with the US Envoy, Declan Kelly, and that the organisation was involved in securing 'Project Kelvin' (the Telehouse) for the Fort George site.

5.5.5 *Impact of Ilex URC*

Consultees reflected on the impact that Ilex URC has made as an organisation to the area, specifically considering whether regeneration would be different if Ilex had not existed. There was a shared view that whilst Ilex had indeed been a '*catalyst and vehicle*' for a more integrated approach to regeneration in the Derry area.

This view was shaded by concerns over whether this was sufficient, given the amount of public monies and support committed to Ilex to date.

5.5.6 *Quality of Delivery*

Most found it hard to comment on the quality of Ilex delivery, as they perceived too little had been delivered to enable an informed assessment. Comments from stakeholders consulted included perceived inconsistencies of response by Ilex, coupled with some cases of inaccuracy/variations in information and data relating to projects. The latter ultimately seems to have affected the credibility of Ilex URC and perceived quality of delivery.

Whilst most recognised that the right processes for project and programme management had now been identified and adopted, they were keen to see an improvement in how these processes were being implemented.

5.5.7 *Governance and Accountability*

Some stakeholders stated that there had been difficulties associated with former private sector employees, unfamiliar with public sector processes, which led to governance and accountability issues arising. However, it was also suggested that this was not helped by the two Sponsoring Departments having different delegated limits.

The establishment of the Strategic Board, the recent appointment of four new Non-Executive Directors to the latter, and the placement of Sir Roy McNulty (as Chairman) and Aideen McGinley (as Chief Executive) were viewed as very positive steps for the organisation.

Stakeholders suggested that further improvements were still required in the quality and consistency of reporting by Ilex to the Sponsoring Departments. In addition, some expressed a view that the Departmental 'observer role' at Board should be replaced with more formal liaison meetings, better aligned with the Departments' governance and oversight responsibilities.

5.5.8 *Financial management, internal control and risk*

Whilst a number of consultees could not comment on the operational detail surrounding this area, slippage in project timeframes was identified as evidence of further improvements required in such controls.

For those in government who could comment on the area, concerns were expressed regarding the ability of the organisation to deliver accurate and substantive financial information. This view was reflected across a number of areas including business case preparation, budgetary management (with forecasts viewed as repeatedly being too ambitious), risk management, etc. These issues were considered pivotal to the establishment of effective and credible working relationships between Ilex URC and its Sponsoring Departments.

Currently a key issue for Sponsoring Departments is Ilex's incurrance of VAT. Under the ISNI II process, Departments bid for funding on a gross basis (i.e. including VAT). It was noted by Departmental stakeholders that efficiencies could be made if some of the financial

operations of Ilex URC were subsumed by the Sponsoring Departments. However Ilex has voiced concerns that this would impact on their autonomy.

OFMDFM has signed the contract with Ebrington developers directly, rather than through Ilex URC, thereby allowing them to reclaim VAT. DSD is considering this approach for Fort George but will review the outcomes of OFMDFM's experience. This could maximise funding available for projects.

Going forward, new HM Treasury guidance '*Clear line of sight*' dictates that 'Arms Length Bodies' should only be financed by one funder, in order to facilitate more transparent accounting. This will clearly have a bearing on financial management arrangements at Ilex URC.

5.5.9 *Organisational Structure and Core Skills base*

The majority of consultees expressed a desire for stability at senior management levels within Ilex URC, suggesting that the number of changes at this level over the last seven years had affected the operations/delivery within the organisation.

Individuals were in broad agreement that the design and implementation of a new Director of Corporate Services post was the '*final piece of the jigsaw*' as far as the Ilex URC structure was concerned. It was felt that this role would enable the Chief Executive and Chair of Ilex to assume their strategic roles, without getting consumed and distracted by some of the identified operational issues in that area.

Other consultees expressed concerns over the ability of Ilex to convert development plans into real development.

5.5.10 *Value for money*

Whilst the majority of the stakeholders consulted were not privy to specific detailed financial information relating to Ilex, the common view was that the perceived value for money aired more on the negative side. With comments above in relation to disappointing physical delivery and too much focus on strategy, the view from across the consultations would be that Ilex has not yet provided value for money.

5.5.11 *Synergies with other bodies/agencies*

Stakeholders recognised the improvements in this area over the last 18 months, making positive comments about the role that the Chairman and CEO had made in engaging with community and voluntary groups, local businesses, Derry City Council and wider government departments. These steps have been welcomed by consultees who expressed a desire to see this continue.

Some consultees suggested that there was scope for Ilex URC to receive its finance, IT and Human resource requirements - in whole or part - from other agencies/partners.

5.5.12 *Areas for Change*

Views and opinions on the overall successes of Ilex URC, to date, varied greatly. In addition, some stakeholders were more confident than others on the organisation's ability to deliver on its remit.

The key areas for change/improvement included:

- Regain focus and accelerate physical delivery of the two military sites;
- Complete second regeneration plan;
- Establish and deliver development model for the two military sites;

- Address Fort George contamination issues, ensuring MOD provides indemnities;
- Ensure regeneration has an emphasis upon creating jobs for the local community;
- Focus on continued strong and stable leadership to drive regeneration in the Derry area, through strategic partnerships with relevant bodies/agencies;
- Re-establish relationships with Sponsoring Departments and review reporting activities to be more effective;
- Complete the Peace Bridge and ensure DRD adopt ownership; and
- Focus on effective internal operational systems.

5.5.13 Potential delivery models

In order to drive the changes required, stakeholders suggested the following:

- Significant improvements in Ilex's reporting procedures and relationships;
- A smaller and more effectively operating Ilex URC, ultimately to be absorbed into an Economic Development Team in Derry City Council;
- NWDO to lead on the development of the two military sites, with the social and economic development objective to be taken over by Derry City Council;
- Converting Ilex into an Urban Development Company with more powers to improve speed of delivery and associated outcomes;
- Regeneration of the two sites to be taken into the Strategic Investment Board with a satellite SIB team on the sites delivering; and
- Disposal of the two sites to private investors, again with responsibility for wider social and economic development falling to Derry City Council.

Potential delivery models are considered further in Section 7.

5.6 Concluding Remarks

The key conclusions from our consultation work with stakeholders (external and internal, including staff) are detailed in Section 5, as follows:

- *Stakeholders recognise that Ilex URC was established with significant challenges* - reflecting the political environment at that time and a combination of regeneration planning (strategic) and site delivery (tactical) objectives. Looking ahead, consultees believe that the context will become perhaps even more challenging from a financial, economic and political perspective;
- *Performance from commencement to date is considered to be 'disappointing'* - this perception is held by stakeholders because of the lack of physical delivery on the two sites at Ebrington and Fort George, together with delays in relation to the current Regeneration Plan. It is acknowledged that the consultation process around the current regeneration plan has been extensive, and whilst this has addressed the concerns of some stakeholders regarding inclusiveness, it has also led to delays in finalisation of the draft. Stakeholders also suggested that Ilex had missed opportunities in the early years for 'quick wins' in relation to its objectives. However, consultees recognised the positive impact of recent changes to the posts of Chief Executive and Chair, and what has been achieved since their arrival;
- *Stakeholder engagement has improved but requires further improvement* - with progress particularly evident over the last 18 months. The response to the current draft regeneration plan will clearly indicate the extent of ownership of the strategic process by local stakeholders and the opportunity for Ilex to build more effective relationships with private sector developers in particular. In addition, various consultees highlighted the need for Ilex to balance its operational independence from government with a responsibility to work within a strong governance framework;
- *Ilex is perceived to require organisational improvements* - with a number of stakeholders including staff, raising concerns regarding the degree of collaboration within the organisation and the scope for improvements to both operational and

personal performance management. We are aware of recent steps to align performance to a new Balanced Scorecard. Stakeholders have also highlighted the need for process and system improvements at Ilex URC to enhance organisational effectiveness, including further traction in the area of project/programme management;

- *Further work is required in the area of financial management* - whilst not all consultees could comment on the operational detail, the Sponsoring Departments raised concerns regarding the ability of Ilex URC to deliver accurate and substantive financial information. This view was reflected across a number of areas including business case preparation, budgetary management (with forecasts viewed as repeatedly being too 'aspirational') and risk management. These issues were considered pivotal to the establishment of effective working relationships between Ilex URC, its Sponsoring Departments and stakeholders more broadly;
- *A variety of views were expressed regarding future priorities* - these included: the completion of the second regeneration plan; regaining focus and accelerated physical delivery of the two sites; continued strong and stable leadership to drive regeneration in the Derry area, through strategic partnerships with relevant bodies/agencies; building effective relationships with the Sponsoring Departments; completion of the Peace Bridge and ensuring DRD adoption; and a focus by Ilex URC on effective internal operational systems;
- *Stakeholders were unanimous in the need for change* - there was unanimity on the need for the organisation to embrace further change and to focus on its core objectives to deliver practical and physical achievements. This view reflects the acknowledgement by the Ilex URC Chairman that there had been limited progress over the early period from commencement in relation to organisation objectives, but that momentum is now being achieved; and
- *Ilex's remit could be absorbed in due course* - recognised by various stakeholders, including Ilex. Whilst Ilex acknowledge that setting a time limit on its existence is desirable, their suggestion of 2020 appears inappropriate given the need for progress on regeneration in the shorter-term and potential developments expected under the Review of Public Administration.

6 BENCHMARKING REVIEW

6.1 Introduction

As noted in section 3, the objective of Stage II of our methodology was:

‘To fully understand the context - policy, legislative, competitive, comparable - in which Ilex URC operates’

Our agreed project methodology encompassed benchmarking of Ilex’s progress against three analogous areas. This is not easy given the differing contexts within which regeneration must be undertaken and each is clearly not equivalent. However, in consultation with the Steering Group, we identified the following benchmarks for analysis:

- Sheffield, England;
- Laganside, Belfast, Northern Ireland;
- Newry, Northern Ireland¹⁸; and
- Other Public Sector stakeholders involved in capital build projects in Derry/Londonderry i.e. Derry City Council, North West Development Office.

The Benchmarking has therefore involved desk top research and consultations with:

Organisation Name	Type of Organisation	Individual Consulted
Sheffield One	Urban Regeneration Company	Former Chief Executive
Creative Sheffield	Economic Development Company	Director of Regeneration
Laganside Corporation	Urban Development Corporation	Former Chief Executive
Newry & Mourne District Council	Local Council authority	Director of District Development
Derry City Council	Local Council authority	Temporary Director of Economic Development
North West Development Office	Office of the Department for Social Development	Deputy Director

For each organisation, we have focused on the following key areas:

- Comparative remit;
- Powers/model of the development organisation;
- Significant achievements/Regeneration progress;
- Milestones/timelines of planning and delivery; and
- Observations for Ilex.

Further detailed information is provided in Appendix E. Consideration of the distinction between Urban Regeneration Companies (URCs), Economic Development Companies (EDCs) and Urban Development Corporations (UDCs) is provided in Appendix F.

¹⁸ No special delivery body (UDC, URC or EDC) in place.

6.2 Sheffield

6.2.1 Comparative Remit

'Sheffield One' - The Urban Regeneration Company (URC)

Launched in February 2000, the URC ('Sheffield One') aimed to build a new, vibrant city economy based on enterprise, culture, learning and commerce.

Sheffield One sought to regenerate the heart of one of England's major cities as part of wider attempts to diversify a formerly steel-dominated local economy and give the city and sub-region a new impetus. Sheffield One defined its primary function as to lead the regeneration of the city centre, re-establish its role as an economic driver within the region and increase its retail, leisure and cultural attractions. The company focused on an area of 220 hectares, accommodating 100,000 jobs (half of the total in Sheffield), and a resident population of 3,000¹⁹

The initial focus of Sheffield One was the development of a City Centre Masterplan to guide city centre regeneration activity. The latter was launched in 2002 (for period 2002-12) by Sheffield One and sought to address the key issues facing Sheffield City Centre at that time. The masterplan set out a clear framework for the revival of the City Centre and recommended that partners should initially focus their attention on the implementation of a number of key strategic projects. These projects were dubbed as the 'Magnificent Seven', and included:

- Complete 'Heart of the City' Project;
- A new retail quarter (NRQ);
- An e-campus (digital campus);
- City Hall / Barkers Pool;
- Castlegate / Victoria Quays;
- Midland Station; and
- The integrated transport strategy.

Consultation with the previous Chief Executive of Sheffield One found that a number of the above projects had initially originated from the thoughts of key individuals from within the previous Sheffield City Development Agency, with Sheffield One benefitting from the strong regeneration focus already in existence. Hence, Sheffield One built upon earlier development partnership and structures in place since the mid 1980s, whilst inheriting staff from the previous City Development Agency and the Regional Development Agency. The Masterplan developed by Sheffield One *"enabled these projects to be packaged in a focused City Centre masterplan, which could be aided by a relentless delivery vehicle."*

Sheffield One revenue costs were funded by the following partnership organisations at c£1m per annum (i.e. c£333k per organisation per annum):

- Sheffield City Council;
- Yorkshire Forward Regional Development Agency; and
- English Partnerships.

'Creativesheffield' - The Economic Development Company (EDC)

Since 31 March 2006, Sheffield One ceased to trade as a company. The new regeneration vehicle in Sheffield is now 'Creativesheffield', which is an Economic Development Company

¹⁹ Source: URC On-line

(EDC). Creativesheffield was the UK's first ever EDC, charged with delivering Sheffield's economic transformation.

Creativesheffield has emerged from a history of various special purpose vehicles and projects, and is incorporating the functions of three bodies: the URC 'Sheffield One', the investment agency 'Sheffield First for Investment', and the Cultural Industries Quarter Agency.

Consultation with Creativesheffield's Director of Regeneration (previous Chief Executive of Sheffield One) cited a number of reasons for the transition from Sheffield One to the EDC Creativesheffield:

- Sheffield One was always viewed as a limited life organisation of c6/7 years; and
- Sheffield One had a specific remit of delivering strategic/physical projects in a defined area. Creativesheffield has a wider agenda to drive economic growth across the city including a remit which encompasses: inward investment; city marketing; regeneration; promotion of innovation; and business support services.

Creativesheffield revenue costs are funded by the following partnership organisations at c£3m per annum:

- Sheffield City Council; and
- Yorkshire Forward Regional Development Agency.

6.2.2 Powers/model

Sheffield One

Sheffield One URC was incorporated as a company limited by guarantee and had board members from the public, private and community sectors. It had an Executive Team, which included: Chief Executive; Senior Property Executive; Funding Manager; Senior Programme Manager; an Office Manager and three administrative/support staff. The team brought focus and drive and expedited delivery²⁰ and were not burdened by statutory responsibilities and bureaucracy.

During consultation, the previous Chief Executive of Sheffield One (now Director of Regeneration within Creativesheffield) cited the following key points in relation to the management and governance of Sheffield One:

Sheffield One - Management and Governance - Key Points
<ul style="list-style-type: none"> - Sheffield One held a coordinating role to deliver economic regeneration in the City of Sheffield and did not have statutory powers, delegated authority or hold assets. It drew upon the resources and expertise from within the public sector (inc. planning, procurement²¹, funding, etc.) and private sector (funding, consultants, etc.); - Sheffield One existed to deliver physical improvements through partnerships, maximising the powers and expertise of existing agencies; - Sheffield City Council acted as the accountable body and provided support and alignment; - Yorkshire Forward provided capital funding for acquisitions, site assembly, land reclamation, infrastructural investment and environmental improvements. It also supplied staff support; - Relations between senior staff in partner organisations have been good throughout; - The Board and Executive Team included top public and private sector individuals from across the City and highlighted the importance of getting the right blend of skills from both sectors;

²⁰ Source: Sheffield One Evaluation - European Institute of Urban Affairs - Liverpool John Moores University (May 2007)

²¹ Given that as a company, Sheffield One was subject to VAT, the organisation arranged for all procurement to be managed and delivered through the local authority, Yorkshire Forward.

Sheffield One - Management and Governance - Key Points
<ul style="list-style-type: none"> - The primary role of the URC was to address significant development opportunities by developing and managing implementation of the Masterplan; - The ability to operate as an 'arms length' company enabled the organisation to deliver on the ground; - The Executive Team and Board was always private sector led and facing. The Team and Board had a clear understanding of the requirements of the private sector; - The specific focus of the organisation enabled it to concentrate on its core activity/projects; - The key to success centred upon the partnership with the key local authorities; - Sheffield One was always a 'lean and mean' organisation, at no point possessing more than 11 staff. Its philosophy was to maintain a tight focus on the delivery of a limited number of key transformational projects; - The organisation often seconded staff from its main partner organisations. This improved Sheffield One's understanding of its funding partners' rules and requirements and encouraged a sense of ownership and buy in on their part; and - The organisation also had representation from the community and voluntary sector to provide input into the development of projects.

Creativesheffield

The newly formed EDC, Creativesheffield has the following Executive Team:

- CEO;
- Director - Regeneration, responsible for;
 - Deputy Director, Regeneration;
 - Senior Regeneration Manager; and
 - Assistant Directors (x3).
- Director - Strategic Marketing;
- Director - Business Investment;
- Director - Operations and Performance Management;

During consultation, the Director of Regeneration within Creativesheffield cited the following key points in relation to the management and governance of Creativesheffield:

Creativesheffield - Management and Governance - Key Points
<ul style="list-style-type: none"> - Creativesheffield builds on many of the characteristics of Sheffield One but is tasked with responsibility for a wider agenda in driving economic growth across the city; - Board membership at Creativesheffield has increased in size and level of expertise in line with the wider agenda for the organisation; - The EDC is accountable principally to its board, comprising a private sector chair and other public and private partners, including both Sheffield universities; and - Accountability is also derived from the Local Strategic Partnership group and open to Council's scrutiny process.

6.2.3 Significant achievements/Regeneration progress/Milestones

Since 2000, Sheffield has experienced an economic revival driven by strong local authority leadership and a number of special purpose bodies, including Sheffield One. An independent evaluation of Sheffield One²² carried out in 2007 stated that:

"Sheffield One is a good news story. All partners are realistic about the journey that Sheffield has yet to travel. But virtually all agree that Sheffield One has been a great success. It has added value. It has made a real difference to Sheffield city centre. It has provided a robust platform upon which its successor body can build. Partners agree that its

²² Sheffield One Evaluation - European Institute of Urban Affairs - Liverpool John Moores University (May 2007)

success underlines the importance of having an arms length regeneration body like Creative Sheffield in future.”

The evaluation further highlighted the following key summary points in relation to progress made by the URC over the seven year period:

- The Sheffield One Masterplan was ambitious in scale and scope, providing a strategic framework for the regeneration of the city centre between 2000 and 2012;
- A summary of the anticipated lifetime outputs for Sheffield One from both Masterplan and non-Masterplan projects are listed in Appendix E. By April 2007 (i.e. over a 7-year period), the URC had delivered significant key outputs, including (but not limited to): 17,671 sq m of new office space; 675 new jobs; and 24,800 sq m of public space improved; 52,113 sq m of employment floor-space; 21,843 sq m of new retail and leisure space;
- By April 2007, Sheffield One had delivered 100% of anticipated lifetime outputs for refurbished retail and leisure space. A high proportion of the anticipated lifetime outputs had been achieved for refurbished office space (89.9%), land acquired (84.7%) and buildings acquired (90.4%). Some 71% of the anticipated hotel bedrooms had been provided. More than half of the anticipated lifetime outputs for new leisure space (50.6%), along with 65% of the anticipated civic realm improvements, had also been delivered;
- Given that progress in other areas had been slower than expected, overall the evaluation concluded that by April 2007, just over a quarter of Sheffield One’s anticipated lifetime outturn had been achieved;
- At April 2007, some £142 million of outturn to that date came from the private sector, c47% of the total outturn for Sheffield One; and
- At April 2007, Sheffield One was half way through delivering a 10-year Masterplan which commenced in 2002.

Further details of revenue and capital expenditure to April 2007 for Sheffield One are provided in Appendix E. The timing of the Sheffield One evaluation - coming as it does 7 years into its life - is of direct relevance to our review of Ilex URC, which is now 7 years in existence. It is recognised however that Sheffield One was significantly further one in its development at this stage, building upon its previous development partnerships, as compared to Ilex, which did not “take root” until 2007.

6.2.4 *Observations for Ilex URC*

The independent evaluation of Sheffield One, supplemented by findings from consultations with the former Chief Executive of Sheffield One, highlighted the following key success factors associated with the URC:

- Masterplanning - Provided a robust framework for detailed implementation work and financial planning. It gave partners - the private sector in particular - clarity, certainty and confidence. It raised sights and proved a crucial marketing device;
- Focus - Sheffield One had a very clear focus on the city centre, physical activities and its key ‘Magnificent Seven’ projects;
- Project Management - the organisation placed great emphasis on this aspect;
- Good partnership - relationships between stakeholders were excellent;
- Good leadership - the contribution of the Chief Executive supported by the Council Leader is acknowledged as the real key to success;
- Good Team - relatively small but highly regarded;
- Good Board - with a mix of seniority, political weight, familiarity with issues and sectoral representation;
- Economic environment - was reasonably benign with high levels of funding available - including European monies - for infrastructure projects; and

- Physical regeneration - was perceived as realistic rather than the broader economic transformation of the city.

Whilst the context and history of the two cities are not equivalent, there are some potential parallels emerging from Sheffield for Ilex URC as follows:

- The lack of an acceptable regeneration plan to date has clearly been a hindrance to progress in Derry-Londonderry;
- There have clearly been issues raised with BDO by various stakeholders - including Ilex - in relation to problems experienced by the organisation in relation to project management, partnership working, team cohesion, board mix, etc;
- Sheffield One was created with a defined lifespan of c6/7 years - this provided focus to its work and facilitated the successful transition to Creativesheffield;
- Sheffield One was building upon earlier development partnership structures and momentum. Ilex has not benefitted from same and indeed faced significant challenges in its first c3/4 years; and
- The degree of private sector funding for projects through Sheffield One in its first seven years is in contrast to the apparent negligible financial contribution from the private sector through Ilex to date.

6.3 Laganside, Belfast

6.3.1 Comparative remit

Laganside Corporation²³ (1989-2007) was established by Government in 1989 with its Sponsoring Department being DSD. Its remit was to tackle the social and economic regeneration of an initial 140-hectare area of inner city land, straddling both banks of the River Lagan, Belfast. This boundary was extended to 200 hectares to include the historic Cathedral Quarter, one of the oldest parts of Belfast, which lies close to the city centre.

The statutory objective of the organisation was “to secure the regeneration of the designated area” tackling derelict and polluted sites, and attracting investment and jobs to the area. The organisation was deemed to have achieved this remit by Spring 2007 - and was subsequently dissolved in July 2007 i.e. 18 years after formation.

6.3.2 Powers/model

As noted earlier, Laganside Corporation was an “Urban Development Corporation (UDC)”. Although funded by central government, Laganside had an independent board consisting of various public and private sector representatives.

During consultation, the previous Chief Executive of Laganside Corporation cited the following key points in relation to the management and governance of the organisation:

Laganside - Management and Governance - Key Points
- The Board and Executive Team included top public and private sector individuals from across the City and highlighted the importance of getting the right blend of skills from both sectors;
- The leading individuals within the Executive Team came from a Development background and where able to bring experience and expertise, and ‘contacts’ from the outset;
- The Board only ever had two Chairmen over its lifetime, which ensured continuity;
- The organisation drew upon the resources and expertise from within the public sector (inc. planning service, procurement, funding, etc.) and private sector (funding, consultants, etc.);
- A full-time River Manager was also seconded to Laganside from CPD;

²³ Urban Development Corporation (UDC) - A Non Departmental Public Bodies funded by central government.

Laganside - Management and Governance - Key Points
<ul style="list-style-type: none"> - The importance of the procurement of consultants was key to the development of successful projects; - For the most part, Laganside was able to operate at 'arms length' from government, which enabled projects to be delivered on the ground at a faster rate; - The organisation benefited greatly from the appointment of a strong Director of Finance from the private sector; - The organisation utilised effective marketing and public relations expertise, which was key to engaging the private sector; - The organisation had limited asset ownership; and - The organisation also had representation from the community and voluntary sector to provide input into the development of projects.

The 2006 OECD Review²⁴ of Laganside Corporation noted that the Board:

- Diversified the base of support of the Corporation;
- Reached out to different interests and constituencies;
- Provided a challenge function to the executives;
- Managed risk effectively;
- Championed quality and sustainability of outcome; and
- Provided continuity in the context of change.

The Review also noted that, in terms of leadership, the organisation:

- Played a meaningful leadership role within the city;
- Had three highly effective Chief Executives, appropriate for each stage of the Laganside strategy;
- Had a small and dedicated team, loyal to the organisation throughout its life, which clearly added to its success; and
- Did not 'overplay' its hand at any point or assume authority that it did not possess.

6.3.3 Significant achievements/Regeneration progress

Appendix E details the key milestones and achievements of Laganside Corporation. In summary, over the period 1989-2007 Laganside Corporation secured²⁵:

- c£1,000 million of investment in the area (£147m public/£855m private);
- Over 14,200 jobs;
- Over 213,000m² of office space;
- Over 83,000m² competed retail/leisure space;
- Over 700 completed housing units; and
- Leverage of 1:5.

During consultation, the previous Chief Executive of Laganside Corporation cited the following key points in relation to the achievements of the organisation:

- The organisation was able to achieve leverage of 1:5 by the end of its life. However, it was noted that this was 'ramped up' over a period of time; in the first 5-7 years leverage was less than 1:1;
- As noted previously, Laganside was formed in 1989. However, the organisation faced challenges in c1993/94 about whether it should continue. Only from 1995 onwards, 5-6 years after Laganside was formed, when projects began to be delivered on the ground, did momentum begin to build and did the organisation begin to see returns; and

²⁴ Development Agencies Review Series: Review of Laganside Corporation, Belfast, 2006

²⁵ Source: Laganside Regeneration Statement and Laganside Corporation Website

- The organisation was able to focus on the regeneration of a specific area, and was not responsible for the wider economic regeneration of the City.

The 2006 OECD Review of Lagside noted that:

- Major redevelopment has been achieved and looks sustainable;
- New infrastructure has been developed that will maintain the new life of the river for many years to come;
- Major sites have been redeveloped with a substantial private sector contribution that will be maintained;
- Improved city centre living and amenities, and Belfast city centre is now booming with other redevelopment projects;
- Jobs and incomes within the city are vastly improved. There is access to employment for people who, only 10 years ago thought they might never work again;
- There has been multiple improvements and other major sites are well advanced;
- There has been a spreading of the regeneration effort and effect to other corners of the city, and led by other players; and
- There is now better integration of Belfast City Centre with the Lagside Regeneration area.

6.3.4 *Milestones/timelines*

A summary of achievements for the period 1989/90 - 2005/06, is provided by the table in Appendix E.²⁶ As can be seen from that Appendix, outturn by year 7 of Lagside's existence (comparable to the lifespan of Ilex to date) can be summarised as:

- Cumulative capital spend of c£34m and revenue spend of c£9m;
- Cumulative Lagside investment of c£96m with a further c£45m 'on the fringe';
- Permanent jobs created of c1,495; and
- Completed development of c24,070 sq m of office space, c520 sq m of retail space, c4,050 sq m of leisure space and c140 housing units.

6.3.5 *Observations for Ilex*

Consultation with Lagside Corporation, supplemented by the 2006 OECD review, suggests that the following factors were key to the organisation's success:

- Vision - set within the original concept plan and provided a framework for action. The organisation also ceased to exist once the vision had been realised, or transferred to other stakeholders;
- Focus - Lagside had clear responsibilities for a designated area;
- Partnership working - with key stakeholders to ensure an integrated approach and 'sticking to the task';
- Private sector engagement throughout;
- Expertise - required at different stages and from different sources, including within the organisation and from outside the organisation through consultants and CPD, etc;
- Delivery - with a determination to transfer initiation into planning into implementation into real projects on the ground;
- Community benefits - derived through effective engagement;
- An infrastructure-led approach - creating the basis for private sector investment;
- Arms Length Body - providing freedom to operate within a public sector sponsorship context;

²⁶ All information within the aforementioned table is based on information provided within Annual Reports provided by Lagside Corporation for the period 1989/90 - 2005/06.

- Governance - and in particular an understanding of public service accountability and programme management requirements;
- 'Flagship' project(s) - to build momentum and gain public and private confidence;
- Key appointments - including effective CEO and Director of Finance;
- Marketing and promotion - to engage private sector and encourage investment;
- Economic environment - as with Sheffield One, the economic environment was benign and this was coupled by improving security and political conditions; and
- Public realm strategy - to enhance integration with the city as a whole.

It is once again difficult to compare 'like for like'. Laganside was a UDC with different powers to Ilex; it existed in a period of enhanced European funding to tackle deprivation; and it benefitted from a different type of relationship with government during the period of direct rule. However, there were still ongoing security issues and the political, economic and community relations challenges were considerable. On balance, we would suggest that there are possible parallels for Ilex including:

- Key messages around the importance of a strategic framework/vision and a clear and determined focus on objectives;
- The need to deliver projects on the ground as a means of building trust, confidence and momentum;
- The requirement to effectively engage the private sector from the outset, and to ensure partnership working and an integrated approach with all stakeholders;
- The requirement to balance the freedom to operate bestowed by ALB status, with the importance of working effectively within a public sector support context; and
- The need to get an early flagship investment, as Laganside did with the Weir some 2/3 years in, inspire confidence, and demonstrate success.

6.4 Newry City

6.4.1 Comparative remit

Unlike Derry-Londonderry, Sheffield and Laganside, Newry City has had no Urban Development Corporation, Urban Regeneration Company or Economic Development Company in place. Despite such an organisation not existing in the Newry area over the past 15 years, Newry has become one of the fastest growing towns in Northern Ireland (now classified as a City since 2002), with a substantial amount of urban regeneration having been undertaken. This has occurred as a result of the work carried out by Newry and Mourne District Council (NMDC), other Economic Development Agents in the Newry and Mourne District Council area and the private sector.

Consultation with NMDC highlighted the following key points:

- Coordination, in terms of urban regeneration, within the City has occurred as a result of a strong partnership between the public and private sector;
- All economic development agents within the City have a good relationship with the private sector, and have always been proactive at private sector engagement;
- The 'common thread' within all the economic development agents within the City has been the involvement of NMDC;
- NMDC has had a key leadership and coordination role in urban regeneration; and
- The strength of growth has been spearheaded by a proactive and committed private sector within the city.

Consultation with NMDC also found that the development of the 2003 Strategic Development Framework was the first attempt at the development of a Masterplan for Newry City and that work on most of the proposed development sites is ongoing. Key developments include the Quays/Sainsbury's Development, the Buttercrane Shopping Centre, the Regional Leisure Village, as well as WIN Business Park.

NMDC note that, despite the effect that the recession is having on the local economy, three major planning applications for major urban regeneration/development projects within Newry City are currently with the Planning Service. The Council stated that this activity shows the continued interest of the private sector in Newry.

6.4.2 *Observations for Ilex*

Consultation with NMDC highlighted the following key success factors and/or lessons learned in the regeneration of Newry City over the last number of years:

- The importance of defining a strategic framework/vision for the City;
- The importance of the Council's 'enabling role/function' and partnership with Newry & Mourne Enterprise Agency;
- The ability of the Council to procure expertise (consultants, etc) for major development projects and ensure "value for money";
- The renowned 'can do' culture of the Newry area within the public and private sector;
- A strong partnership between the public and private sector;
- Ability to harness private sector investment;
- The private sector's continued commitment to the regeneration of the City. Leadership by the private sector, particularly those with property expertise;
- Low dependency on public sector jobs;
- Availability of EU funding and the ability of the key economic development agents in the city to draw down funds successfully;
- Key border link and regional hub - located along The Eastern Seaboard Corridor;
- Excellent road infrastructure to and from the City;
- The importance of developing relationships with 'twinning' cities/regions; and
- Economic environment - although this has clearly been affected.

Despite the substantial amount of urban regeneration which has been undertaken in the city over the last number of years, NMDC highlighted a number of issues that could have been improved in order to facilitate further development:

- Greater availability of public sector funding;
- The provision of more comprehensive development powers; and
- Effective engagement with the Planning authorities.

Many of these issues resonate with the issues arising from our review of Sheffield One and Laganside - and the parallels for Ilex are reinforced. In particular, the importance of Local Council and Private Sector leadership is evident in the Newry & Mourne situation.

6.5 **DCC & NWDO**

Within the Derry City Council area, responsibility for regeneration also rests with Derry City Council and the North West Development Office (within DSD). Key regeneration achievements/activities of DCC and NWDO over the last seven years are highlighted in Appendix E.

As can be seen, c£2.7m funding has been provided by DCC and c£42m provided by DSD (through NWDO) to projects in the City over recent years.

6.6 Concluding remarks

Key comparative findings from the benchmarking review are summarised as follows:

	Sheffield	Laganside	Newry	DCC/NWDO	Ilex
Masterplanning	City Centre Masterplan: 2002-2012 - launched 2 years after commencement	Laganside Masterplan: established 1989; various corporate plans	Strategic Framework Document 2003 Economic Action Plan (2001-2007)	Various corporate & departmental plans	Masterplan for Ebrington 2006 to be revised. Draft Masterplan for Fort George 2007. Regeneration Plan Mark I 2005; Regeneration Plan Mark II launched for public consultation Sept 2010
Remit/ Organisation	Initially Urban Regeneration Company (Sheffield One) - now Economic Development Company (Creativesheffield)	Urban Development Company - NDPB	Local Authority / Public Sector Partnerships	Public Sector /Local Authority	Urban Regeneration Company
Area	540 acres	346 acres, extended to 494 acres	Newry area	Derry City Council area	Derry City Council area
Ownership of Assets	No ownership of assets	Limited ownership of assets	Private/Public Sector ownership of assets	Ownership of assets	No ownership of assets
Management	Small Management team (no more than 11), drawing expertise from private and public sector and across functional areas	Small Management team, drawing expertise from private and public sector and across functional areas	Commercial and Private Sector led	Public Sector / Local Authority	Small team drawing expertise mainly from private sector.
Governance	Operated as an arms length company	Operated as an arms length company	N/A	Public Sector Governance	Established as arms length body
Operational Period	URC - 6 years EDC - 2006-ongoing	UDC - 18 years Projects delivered from 5-6 years from formation.	N/A	N/A	URC - 7 years to date, although little progress in first 3/4 years
Achievements	Significant achievements	Significant achievements	Significant achievements	Significant achievements	No major capital achievements to date
Private Sector leverage	Significant	Significant	Significant	Some	None

Key relevant achievements of each benchmark are summarised as follows. This considers the achievement after 7 years (similar to the lifespan of Ilex, whilst noting that there was little progress: in Ilex in the first 3/4 years:

- *Sheffield* - Sheffield One URC by April 2007 (i.e. over its first 7 years and building upon previous regeneration partnerships) had delivered significant key outputs, including (but not limited to): 17,671 sq m of new office space; 675 new jobs; 24,800 sq m of public space improvements; 52,113 sq m of employment floor-space; 21,843 sq m of new retail and leisure space. Overall by that time - half way through a 10 year masterplan - the organisation was considered to have achieved just over a quarter of its anticipated lifetime outturn. At April 2007, some £142 million of outturn came from the private sector, c47% of the total outturn;
- *Laganside* - Over its first seven years of operation, Laganside UDC has secured: c£73m of public sector expenditure; c£96m of private sector investment; 1,495 jobs; 24,070m² of office space; 4,500m² completed retail/leisure space; 140 completed housing units. In aggregate, at that stage the organisation had achieved leverage of 1:1.3 and completed numerous major projects, including (but not limited to): Abercorn Centre (£8m); Lagan Weir Project (£14m); Waterfront Hall (£32m); the Design Centre; walkway construction at Bridge End (£1.5m); Water's Edge building at Clarendon dock; housing development at Ravenhill Reach; Hamilton Ship building Barrow Square, etc. Over the entire lifetime of the organisation (1989- 2007), the Laganside Corporation secured:²⁷ c£1,000 million of investment in the area (£147m public/£855 private); 14,200 jobs; and achieved a net leverage of 1:5;
- *Newry* - unlike the other areas considered, Newry's regeneration has occurred primarily through the coordinated actions of the local council and the private sector. A significant number of projects with substantial investment have been delivered through this partnership approach in recent years; and
- *DCC/NWDO* - key achievements of these two organisations have included work in relation to the Walled City Partnership and in respect of the former Clooney Military base.

A summary of the key success factors emerging in relation to regeneration, includes:

- The importance of pursuing a clear, single-minded and 'specific' vision and focus, with a end date in sight, ie 18 years in Laganside;
- The value of masterplanning to provide a robust framework for detailed implementation work and financial planning;
- Development of effective partnerships, in particular with the private sector;
- Effective programme and project leadership/management;
- The right mix of skills and representation on the Board and associated good governance;
- The importance of having an experienced, credible and integrated Executive team;
- A pragmatic approach to delivery, with real projects on the ground;
- The importance of balancing the flexibility of ALB status with the need to work within political and governmental structures and mechanisms; and
- The delivery of successful flagship projects at an early stage to build momentum and gain public and private confidence in the organisation.

Our agreed project methodology encompassed benchmarking of Ilex's progress against three analogous areas. This is not easy given the differing contexts within which regeneration must be undertaken. However, the **key conclusions** from our review of benchmarks (Sheffield, Belfast, Newry and Derry-Londonderry) are as follows:

- *The challenges faced by Ilex are specific to the city and region* - whilst the benchmarks were carefully chosen by the project Steering Group, it would be unreasonable to

²⁷ Source: Laganside Regeneration Statement and Laganside Corporation Website

suggest that any or all of the comparators are directly comparable to the context in which Ilex has operated. However, there are a number of observations which usefully emerge to supplement our review;

- *The lack of an acceptable regeneration plan to date has been a hindrance to progress by Ilex URC* - as noted earlier, Ilex had a number of 'false starts' attributable to a variety of factors. As a consequence, early progress was slower than might otherwise have been expected. However, there are indications that the success of the UK City of Culture bid will provide impetus. In addition, finalisation of the Mark II Regeneration Plan will be critical as a means of framing and underpinning future delivery;
- *Project management, partnership working and team cohesion are fundamental to successful regeneration* - whilst progress has been made, further progress is needed in relation to each of these elements at Ilex URC;
- *Ilex has not secured the necessary level of private sector commitment* for investment in the Fort George and Ebrington sites. - There has been no private sector funding for capital projects on the two sites and the level of engagement with private sector funding organisations, even pre recession, has been minimal. We note that the delivery strategy for the site has not yet been agreed between Ilex and the Sponsoring Departments;
- *Ilex needs to focus more on the delivery of projects on the ground* - as a means of building trust, confidence and momentum. The successful completion of 'flagship' projects in Sheffield and Laganside were perceived to be crucial to the longer-term regeneration efforts;
- *Ilex could and should leverage greater benefits from its ALB status* - which will necessitate a better recognition within the organisation of the balance between the freedom to operate bestowed by ALB status and the importance of working effectively within a Northern Ireland public sector support context;
- *Ilex should have a target defined lifespan* - from our benchmark review, the work of an urban regeneration company is generally timebound to provide focus and to recognise that the challenges - and hence responsibilities - evolve. Laganside was in operation for 18 years (1989- 2007). Regeneration at Sheffield has evolved since 2000 and is ongoing, since 2006, through the Economic Development Corporation, Creativesheffield; and
- *Ultimately, it is our assessment that progress through Ilex URC to date has been slower and the corresponding impact on urban regeneration consequently less than would have been anticipated* - whilst it is clear from our benchmark review that urban regeneration is both complex and takes time, and whilst the organisations/areas reviewed are not equivalent to Ilex URC, the actual outturns achieved in Sheffield, Laganside and in Newry over time periods similar to the lifespan of Ilex URC have been measurably better. We do note that timing is critical - Laganside achieved relatively little in the first 5/6 years, but was able to demonstrate progress by year 7, including private sector investment. Equally, whilst in operation 7 years, Ilex made little progress in the first 3 to 4 years. This reflects the difficulties experienced by Ilex in the early years and reinforces the importance of maintaining recent momentum.

7 REVIEW CONCLUSIONS

7.1 Introduction

This section includes our conclusions on the review of Ilex, having regards to the specific terms of reference:

7.2 Need - a critical examination of the continuing need for the company

The extent to which there is a continuing need for Ilex URC must be considered relative to each of its core objectives, namely:

- The creation and promotion of the coordinated regeneration of the Derry City Council area; and
- The economic, social and physical regeneration of Ebrington and Fort George.

These are constrained economic times which demand careful assessment of the value added by 'Arms Length Bodies'. However, based upon the outcomes of our review, we would assess the need for Ilex URC against these objectives as follows:

- *The creation and promotion of the coordinated regeneration of the Derry City Council area:*

Coordinated regeneration of the Derry City Council area - as indeed has been the case for a number of other areas nationally and internationally - requires the development and ownership of a comprehensive and robust regeneration plan. In this regard, Ilex URC is getting close to realisation of this objective.

Whilst progress had previously been made around the first regeneration plan in 2005, there was no momentum post-publication for a variety of reasons, and by the time Sir Roy McNulty had been installed as Chairman in 2007, it was clear that the first plan did not represent a basis for moving forward. Hence the organisation has been focusing on the development of a second updated plan, recently issued as a draft document for public consultation.

The consultation process around the current regeneration plan has been extensive and ground breaking. Whilst this has addressed the concerns of some stakeholders regarding inclusiveness, it has also lead to delays in finalisation of the draft, with Ilex seeking to balance inclusiveness with timescales. Feedback received through the extensive consultation process carried out as part of our review, and at a time prior to the draft Regeneration Plan being released, suggests that further work may be required to achieve buy-in from all key stakeholders over the coming months. Moreover, there have been achievements in the more recent period under the wider regeneration banner. Under the leadership of the current Chairman and CEO, progress has been made on the Peace Bridge, the Telehouse, the City of Culture bid as well as the Regeneration Plan Mark II.

Notwithstanding the specific challenges faced by Ilex in relation to the city and region, the advantages of a dedicated body, such as Ilex, with a clear, single-minded and specific vision and focus, is reconfirmed in the Benchmarking section in Section 6. With the Regeneration Plan Mark II now issued for public consultation, this provides a framework for delivery by Ilex against its objectives. Urban Regeneration Company are typically time bound; the key issue is therefore one of timing, in terms of the timeframe for delivery against objectives and operating within the circumstances impacting upon regeneration within the City.

In light of recent achievements, our assessment would be that Ilex URC is the best party to complete the current regeneration planning process, and to see it through to finalisation. It would not be either effective or efficient to transfer responsibility at this stage to another organisation and would undermine the planning process. Ilex URC has completed the baseline survey, engaged throughout with all key stakeholders, and drafted the corresponding emerging priorities. As a consequence, it also remains the preferred vehicle for development of the investment plan and associated delivery mechanisms in the short-term i.e. the next 3 years.

However, notwithstanding that the regeneration work for the city/region is likely to extend well beyond the short term, there are a range of views as to whether Ilex should continue to retain ownership of the regeneration planning objective into the medium term. The regeneration policy remit predominantly resides within DSD at the regional level, although the emerging preference for ensuring coordination and collaboration at a local level is towards local authorities, both nationally and internationally. Derry City Council (or DSD) could therefore ultimately become 'owners' of the regeneration planning objective, subject to the completion of a further review of Ilex URC and the outworking of the Review of Public Administration.

Such considerations can be further determined at the date of the next review of Ilex.

- *The economic, social and physical regeneration of Ebrington and Fort George:*

In terms of the progress made on the Fort George and Ebrington sites, this has been limited, although with more recent traction in terms of Ebrington (including Cunningham Square and the Parade Ground) as well as a potential resolve to the contamination issues at Fort George. The recently launched draft Regeneration Plan Mark II provides a framework for regeneration, subject to agreement by Ilex and the Sponsoring Departments on the delivery strategy for the two sites. Much however, has to be done, to achieve the objectives for Fort George and Ebrington.

Ownership of the Fort George and Ebrington sites remain with DSD and OFMDFM respectively. The original aspiration in creating Ilex URC was to provide a mechanism for engaging effectively with all key stakeholders - including the local communities and the private sector - around the development plans and proposed activities on the two sites. It is clear that the sites remain pivotal to the regeneration of the city, as is evidenced by their prominence in the current draft Regeneration Plan, Mark II.

Again, the benchmarking undertaken confirms the benefits of a single body charged with regeneration, with the opportunity to develop effective partnerships, balancing the flexibility of ALB status with the need to work within political and government structures and mechanisms.

The value of retaining an independent arm's length body to manage the development of the two sites has been the subject of some deliberation and debate across the various stakeholder groups. Coupled with this, our comprehensive consultation and benchmarking process highlights that further progress in relation to the development of the two sites could have been anticipated over the last seven years, although recognition that the last 3/4 years have seen greater activity and progress.

Therefore, the original principles remain valid - an arm's length body could and should be able to provide greater focus and leverage to the development challenge. Our view is that Ilex URC again remains the preferred vehicle for delivering this objective in the short-term i.e. over the next 3 years. The completion of the Regeneration Plan for the city in the coming months, coupled with the renewed focus on agreeing a delivery strategy, should also facilitate further development of the two sites. Given the challenges faced in accessing development capital in the current economic climate, more effective relationships with the private sector in respect of development will be critical.

Once more, Derry City Council (or DSD) could assume ultimate responsibility of this objective. The timing of transfer of this responsibility will be considered in the next review of Ilex, having regards to the progress made, the future implementation plans and the outworking of the Review of Public Administration.

7.3 Effectiveness

7.3.1 *Achieving Corporate and Business Plan targets*

We would comment on the performance of Ilex URC against its corporate and business plan targets as follows:

- *The creation and promotion of the coordinated regeneration of the Derry City Council area:*

There is no doubt that Ilex URC has faced significant challenges in the completion of a regeneration plan for Derry-Londonderry. The city represents a priority for regeneration within Northern Ireland, yet its problems in relation to skills shortages, deprivation, educational attainment, etc have endured. Changes in the organisation’s senior personnel over a number of years did not deliver the stability required to provide focus or to instil confidence across key stakeholder groups. In addition, the diverse nature of such stakeholders has made genuine inclusion and engagement difficult.

As noted above, whilst the organisation had produced a first regeneration plan in 2005, the latter failed to engender coordinated regeneration. There is undoubtedly a greater degree of optimism regarding the current process, which is hopefully nearing the ‘end game’ - where a draft has been issued for public consultation (September 2010) and subsequent debate and finalisation. Success in the ‘City of Culture’ bid has served to encourage such positivity. However, an agreed and final Regeneration plan for Derry-Londonderry is still currently outstanding. The consultation process around the Regeneration plan Mark II has sought to balance inclusiveness with timescales. Ilex believes that the delay in finalisation of the draft plan will be justified by the degree of ownership of key stakeholders.

Our assessment is that whilst there have been a number of significant challenges, Ilex URC has further work to do to achieve the objective of creating and promoting the coordinated regeneration of the Derry City Council area.

The current regeneration planning process should provide a platform for successful development of the city and region.

The nature of the response to the draft plan over the coming months will be crucial to the achievement by Ilex URC of this objective going forward.

- *The economic, social and physical regeneration of Ebrington and Fort George:*

Whilst Masterplans have been produced in relation to both sites, progress against the relevant core objective by Ilex URC has been slow. Once again, there are good reasons. The coordination of ideas, concepts, plans and activities around significant capital programmes - not least two highly prominent sites in a complex regeneration context - is never easy. To add to the latter, the need for contamination review at Fort George, and the inter-relationship of Ebrington to the ‘City of Culture’ bid has served to further complicate the environment for development.

However, the comparison between progress in terms of physical development in Derry-Londonderry and similar (but clearly not equivalent) urban regeneration challenges at Laganside, Sheffield and Newry would suggest that Ilex URC has underachieved. Whilst the development of the Peace Bridge is a significant step forward and should create a platform from which local confidence, commitment and momentum will grow, there is still much to be done at the original sites. This was reflected in the review by Sir Roy McNulty in 2008.

We recognise the challenges faced by Ilex URC in relation to delivery at both Fort George and Ebrington.

However, whilst physical regeneration is clearly a slow and complex process, the only conclusion possible at this stage - when consideration is given to our performance, consultation and benchmarking outputs - is that the objective of economic, social and physical regeneration of the two sites has still to be achieved. This will require more effective engagement by Ilex URC with the private sector and more focus and attention going forward.

- *Development of Strategy*

In recent years, Ilex URC has applied a rolling corporate planning process with a three year horizon. In each instance, the organisation appears to reaffirm its Mission, Aims and Values. It engages in an environmental scanning process and considers the issues and opportunities impacting on both Derry-Londonderry and on Ilex URC itself.

In addition, the organisation now applies a Balanced Scorecard approach with four dimensions:

- Success - to reflect outputs and outcomes;
- Partners - to reflect multiple stakeholders both internally and externally, and in particular the sponsor departments of DSD and OFMDFM;
- Processes - by which Ilex URC delivers its services; and
- Innovation, Learning & Growth - to develop people.

Corporate objectives are then identified and segmented by Balanced Scorecard dimension. The document appears to provide a sound basis for the planning and prioritisation of work by Ilex URC into the medium term. However, we believe that there is scope to improve the extent to which the Ilex URC corporate plan is a 'living' document - one that has the full ownership of key stakeholders prior to finalisation, and which is reviewed on a regular basis by senior personnel.

We would conclude that whilst the corporate planning process appears coherent and well structured, more should be done by both Ilex URC and the sponsoring departments to interrogate and review the organisation's strategic plans pre- and post-finalisation.

We would also concur with the recent Gateway Review of Ilex which specifically recommends (as 'critical') the creation of a small senior group made up of representatives of the organisation and its sponsoring departments to facilitate enhanced alignment around planning and review of performance.

We would also encourage Ilex to prioritise the development of an effective and mutually beneficial relationship with the private sector developers/investors to underpin regeneration activity going forward.

- *Business Planning*

Ilex URC produces annual business plans which align to the vision, objectives and priorities of the relevant three year corporate plan. The Business Plan also adopts a Balanced Scorecard approach to improve integration and comparability. The planning document lays out the key project work envisaged over the year in relation to the organisation's objectives i.e. regeneration planning and development of Fort George and Ebrington.

The business planning document also states Ilex's intentions with regard to investment, physical development, capital and revenue expenditure. Associated targets and milestones are included - as well as potential incremental activities should additional monies become available.

The business planning framework appears appropriate. However, the concerns expressed to BDO through our review are centred on the extent to which plans are implemented. Whilst a structured planning framework is clearly applied, perhaps more could and should be done to test the achievability of the targets set - and in turn, to explore the ramifications of various alternative scenarios. The feedback received from the sponsoring departments suggests that under-delivery and consequent under-spend by Ilex have been recurring areas for frustration, which have served to challenge the relationships concerned. Stakeholders more broadly have commented on the disappointing delivery record of Ilex over the seven years to date, albeit with recognition of the progress made over the last 3/4 years.

We would conclude that Ilex could do more to ensure that its business plans are achievable. This will require a better balance going forward between future potential and lessons learned from previous implementation challenges. This would also suggest that a more effective 'feedback loop' is required in the organisation's planning regime to ensure that lessons learned from previous planning cycles are appropriately captured and applied.

The more structured and regular engagement between Ilex URC and the sponsoring departments (as noted above) would also assist with business plan review and consequently inform future plan development.

- *Definition of Deliverables*

This element is all about the extent to which Ilex provides clarity in relation to its aims, objectives and target deliverables - and the extent to which it effectively monitors and evaluates progress against same.

As can be seen from the comments in preceding sections above, there appear to be few issues with the core planning documents produced. However, our review points to recurring issues in relation to under-delivery and consequent under-spend.

We would conclude that Ilex URC needs to achieve target deliverables to reinforce perceived credibility and capability - and again that it could benefit from some of the conclusions above in relation to departmental meetings, feedback mechanisms, etc.

7.3.2 *The future demands upon Ilex URC as a result of the implementation of the new regeneration plan*

The draft Regeneration Plan Mark II, issued for consultation in September 2010, has evolved after an extensive consultation process and data analysis, deemed to be ground breaking in its approach. Whilst yet to be agreed, the Regeneration Plan has the potential to galvanise economic and social development in the city and region. The challenge for Ilex, and particularly given the extent of the consultation process and resultant time delays in the issuance of the Plan, is that there is significant expectation on Ilex, as facilitator and coordinator, to now deliver on its twin objectives. The further expectation will be that Ilex has mechanism in place to ensure that, where possible, progress on regeneration can be made.

In terms of the external factors likely to influence performance, the current recession continues to cut deep and access to government and development capital is a challenge. Moreover, development of the Fort George and Ebrington sites will be predicated on the agreement of an appropriate delivery strategy which recognises the common goals of government and Ilex.

In terms of internal factors, Ilex has acknowledged that improvements are required in respect of programme and financial management, and the appointment of a new Director of Corporate Affairs is likely to assist in this regards. Of further importance is stakeholder engagement, keeping the wider private sector on board, ensuring that the equality dimension is addressed, as well as working in tandem with the Sponsoring Departments to ensure a cooperative and collaborative working relationship.

We would conclude that Ilex URC now needs to ensure that all internal and external factors are addressed to ensure that, where possible, it can deliver on the expectations created by the new Regeneration Plan. This includes agreement on the delivery strategy as a priority, as well as addressing issues arising in respect of programme and financial management.

7.3.3 Working in co-operation with key stakeholders

As noted, cooperation with stakeholders is critical. Ilex has engaged extensively during the regeneration planning process and during the UK City of Culture bid. These relationships must be maintained during the implementation stage of the plan.

The review would point to a level of disconnect between Ilex and the Sponsoring Departments, improving in recent times, but still not fully resolved. Whilst the monthly operational liaison meetings will go some way to ensuring more open communications and sharing of issues and problems, further effort is needed by all parties in this regards.

At a developmental level, there is no real evidence of the private sector being involved in discussions on the development of the sites. Ilex would attribute this to a lack of an agreed delivery strategy as well as the impact of the recession on availability of capital. These relationships will however be critical if the ambitions for Fort George and Ebrington are to be achieved.

Ilex URC and its Sponsoring Departments must work together to ensure a more effective working relationship. Equally, Ilex must engage proactively with the private sector developers, and capitalise on growing confidence in the city.

7.3.4 Adding strategic value beyond that which might otherwise have happened without it

Consideration is given to the extent that Ilex has added strategic value beyond that might have otherwise existed without it.

It is difficult to point to strategic value in the early years, characterised by a lack of progress in both the regeneration plan and the development of the two sites. In the last number of years, Ilex has both provided a forum for leadership for the regeneration of the city, under the Chairman and CEO, and some evidence of progress being made. Particular achievements include the planning process for the Regeneration Plan, the Peace Bridge and the successful UK City of Culture award.

We would conclude that Ilex can point to a number of significant achievements, namely the planning process for the Regeneration Plan, the Peace Bridge and the successful UK City of Culture award, which, in the absence of the current Board and management team, might not have been achieved.

Tempering this, however, is the view that more could have been done, and that the lack of momentum, pre recession, when development capital and government funds was more plentiful, resulted in a lost opportunity for the city.

7.3.5 Attracting additional private sector investment

There has been no progress to date in attracting private sector investment, although Ilex has claimed that there were initial discussions before the economic downturn.

It is recognised that it takes time, and pump priming by government, before the private sector is likely to become involved in regeneration scheme. Laganside, formed in 1989/90, first attracted private sector funds in 1994/5, ie 5 years in. For Ilex, there has only been evidence of progress since 2007, as the recession took hold, hence the ability to attract funding would have been particularly difficult.

This will be a challenge going forward but, nonetheless, critical to achieving the aspirations for the city.

Attracting private sector development capital will be critical. As a first step, Ilex and the Sponsoring Departments must work in tandem to agree a delivery strategy for the two sites.

A process must be established for engagement with the private sector, exploiting the linkages which exist at a regional, national and international level.

7.3.6 *The effectiveness or otherwise of its board members and senior staff*

Ilex faced many challenges in terms of its Board and senior staff in the early years, as evidenced by the changes at Chair and Chief Executive level.

Our view in relation to the effectiveness of the Board and senior staff is there is a sense of greater leadership and direction, focus and stability with the arrival of both Sir Roy McNulty (as Chairman) and Aideen McGinley (as Chief Executive). The skill mix within the Board has also been augmented by the appointments of four new Board members in mid 2010. Ilex will also seek to realise the benefits of a revised organisation structure, including through the planned appointment of a Director of Corporate Affairs.

The current Chair and Chief Executive, in particular, have sought to bring best practice (revised Regeneration Plan with its bottom up approach, Gateway Review, Balanced Score card) to the organisation.

Within the senior management team, there have undoubtedly been efforts to achieve financial and performance targets. Lack of progress in relation to the two sites, in particular, point to factors both outside of Ilex's control (the lack of a common vision for the city, lack of an acceptable regeneration plan for the city, site specific issues, approval processes within government), factors within Ilex's control (poor financial and performance management, lack of adherence to government parameters, specific staff tensions), coupled with strained relationships between Ilex and the Sponsoring Departments (attributable to both parties). In the regeneration planning process, Ilex has sought to balance inclusiveness with timeliness.

There is however, an overriding view that more could have been done, although a sense that momentum is now being achieved and must be built upon.

Accordingly, our view is that the Board and senior staff have been partially effective, particularly in the latter years.

Whilst progress has been made, Ilex has acknowledged that there is room for further improvement. Many of these areas have been flagged by staff within the organisation.

More specifically, we would suggest that to ensure the effectiveness of the board and senior staff, improvements are required in relation to:

- Achievement of SMART corporate and business plan targets;
- Enhanced engagement with the private sector;
- Leveraging key skills from the Board (assisted by the appointment of new Board members);
- Building effective relationships with the sponsoring departments (although clearly this is a two way process);
- Realising the benefits of a revised organisation structure, through the appointment of a Director of Corporate Affairs;
- Ensuring that programme and financial management reflect 'best practice', and draw upon lessons learned from the past and from other relevant organisations;

- Ensuring that the leadership of the organisation achieve the right balance between strategic and operational focus; and
- Teamworking within and across the organisation.

Our review would suggest that Ilex URC has made some improvements in the last couple of years - following interventions by the current Chairman and Chief Executive - but that there are other outstanding areas for change and development. A number of these are crucial to the future effectiveness of the organisation and should therefore be prioritised.

7.3.7 Identifying barriers to effectiveness external to the company that need to be addressed

External barriers to effectiveness are noted above. Looking to the future, and with the Regeneration Plan Mark II being finalised, it is imperative that the single issue of the delivery strategy for the Fort George and Ebrington sites is finalised as a matter of priority. Ilex has raised, as an issue, the ownership of the sites, including the transfer of such sites to Ilex, with this also being raised in the Gateway Review.

What is imperative here is that an effective delivery strategy is worked out with the Sponsoring Departments. It is understood that an initial strategic outline case has recently been submitted by the company to the Sponsoring Departments and through them to DFP for consideration.

Our review would conclude that it is imperative that an effective delivery strategy is worked out with the Sponsoring Departments, which gives clarity to Ilex in its discussion with potential investors.

7.4 Operation

7.4.1 Organisation Design

The current organisation structure is about to change. The sponsoring Departments have approved the appointment of a new Director of Corporate Affairs with a remit to provide greater integration and alignment between project and financial management. This is a positive step which reflects the recommendations of a staffing review completed by the Chief Executive upon her appointment - and reiterated by the recent Gateway Review. In addition, four new appointments were made to the Ilex URC Board in July 2010 to enhance local representation and to add new skills to the oversight body.

However, it is clear from our review that concerns continue to be expressed by stakeholders - including staff - in relation to the effectiveness of collaboration and coordination across the organisation, and in relation to the requirement to further improve project delivery.

We would concur with the recent Gateway Review when it recommends (as 'essential') seconding staff with business case and associated programme governance skills into Ilex.

Senior management teamworking should continue to improve as a means of underpinning organisational success.

7.4.2 Operational & Personal Performance Management

As noted in the previous section, notwithstanding recent progress Ilex URC will need to continue to review carefully its performance management policies, processes and systems. At the macro level, our review has highlighted some concerns around organisational performance to date. These are inextricably linked to individual and departmental performance frameworks. In addition however, staff feedback through our review would suggest that more work is required to improve the focus and timescale of performance appraisals.

When account is taken of the proposed change to organisational design - with the addition of a new Director of Corporate Affairs position - then there is potential for confusion in relation to the resulting authority, responsibility and accountability relationships within and across the Ilex senior management team.

The new organisational structure, with the proposed new Director of Corporate Affairs, should go some way to ensuring efficiency and effectiveness of organisational delivery. It will also ensure that there is an appropriate correlation of team capabilities with challenging responsibilities.

In addition, further work is required in relation to organisational development and enhanced performance management within Ilex URC to effectively underpin the successful achievement of corporate objectives.

7.4.3 Processes, systems and controls

Our review has highlighted potential areas for further improvement in relation to processes, systems and controls at Ilex URC as follows:

- *Alignment between project and financial management* - whilst this would appear to have progressed recently, our primary and secondary research would suggest that there is still room for further improvement. The appointment of a new Director of Corporate Affairs should assist but in our view more attention is required (see below);
- *Alignment between business planning, monitoring and evaluation* - as noted in preceding sections above, there are persisting concerns over the degree of under-delivery and under-spend within Ilex URC. Whilst it is difficult to predict precisely the outcome of complex and longer-term capital projects, it would appear that further moderation and interrogation could be of benefit to the business planning process in Ilex going forward. This includes the earlier references to enhanced feedback loops; and
- *Enhanced senior communication between the sponsoring departments and Ilex URC* - we have also reflected the potential to introduce further structure and formality to the engagement between senior colleagues at Ilex, DSD and OFMDFM. This will have benefits not only at the strategic or policy level, but should also inform the review and potential realignment of implementation activities.

We would conclude that the alignment between project and financial management could be further improved. This remains an area of concern for the sponsoring departments and will need to be addressed as soon as possible by Ilex URC.

7.4.4 Context specific KPIs

We have already noted that the structure and format of Ilex's corporate and business plans appear largely 'fit for purpose'. However, we have also suggested that concerns persist in relation to the effective implementation or delivery of those plans. This would suggest that the organisation needs to carefully and regularly review its key performance indicators.

We would recommend that proposed SMART annual KPIs are discussed and interrogated fully in conjunction with the sponsoring departments, before finalisation. This 'forward looking' or strategic meeting could occur in June of each year, and encompass the Ilex Chair and CEO with Senior Officials from each of the two sponsoring Departments.

In turn, ongoing performance against KPIs could be reviewed in November of each year at an 'operational' meeting to encompass the Ilex Chair, CEO and Senior Officials from each of the two sponsoring Departments. In addition, this time of the year might be an appropriate juncture for a joint session between Ministers and the Board of Ilex URC.

We would also suggest that the current operational liaison meetings should be retained.

7.4.5 Outcome review and evaluation

It is clear from our review - and from some of the comments and observations above - that the area of outcome review perhaps requires the greatest attention by Ilex URC. It is directly linked to a number of areas for improvement already highlighted i.e. project delivery, business plan implementation, sponsoring department relationships, etc.

Feedback received from key stakeholders has suggested that Ilex could and should do more to demonstrate benefits realised to date. Rigorous review and evaluation of outcomes should assist with the latter. However, we recognise that the timescales attaching to the monitoring of outcomes - and hence evaluation of same - could be longer-term.

We would conclude that Ilex URC should reinforce the value of outcome assessment and instigate whatever processes and mechanisms are required for longer-term monitoring and evaluation of same.

7.4.6 Reporting and controls

We have made a number of suggestions in relation to 'feedback loops'. However, it is also clear from our work that further improvements are required to the reporting regime within Ilex URC.

Specifically, feedback from key stakeholders - sponsoring departments, external stakeholders, internal stakeholders, staff, etc - has been predominantly critical of the timeliness and quality of reporting by Ilex. Efforts to rectify this include monthly operational liaison meetings. Finalisation of the current regeneration plan will also necessitate improved reporting procedures and protocols.

We believe that timely and robust reporting will maintain stakeholder buy-in. Consequently, we conclude that the current practice of monthly operational liaison meetings between Ilex URC and the sponsoring Departments should continue and should focus on delivery and outcomes.

This practice could also be supplemented by specific project-based governance arrangements to ensure effective monitoring and reporting regimes for areas of significant capital spend going forward.

From a governance perspective, we would also suggest that in an 'ideal world' Ilex URC should report to only one sponsoring Department - the size of the organisation does not require two departments to oversee its work, and one department would satisfy recommended best practice for ALBs in terms of 'clear line of sight'. We also believe that the 'observer status' for departments on the Ilex Board is inappropriate for an 'Arms Length Body' (ALB).

Consequently, we would suggest that ideally only one department is required to sponsor Ilex - but that if two departments remain then greater coordination of departmental communication and enhanced demarcation of responsibilities should be evident. In addition, the department(s) should only seek to attend the organisation's Audit Committee and not Board.

7.5 Value for Money

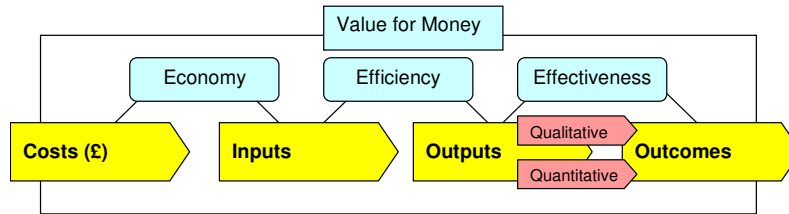
- *Value for Money* - a critical examination of all aspects of the funding arrangements for Ilex URC, its management of public funds and the value for money and measurable outputs delivered by the company; and

Spend in Ilex by the Sponsor Departments, from 2003/4 to 2009/10, is £21 million funded (plus spending on the Peace Bridge²⁸ of a budgeted £13.3m, of which some £7m is projected

²⁸ The Peace Bridge is funded mainly through SEUPB

for 2010/11). Of the £21m, £15.5m is deemed to be revenue spend and £6.2m is capital spend.

In assessing value for money, the critical relationships here are reflected in the diagram below:



We would comment on each component as follows:

- It is difficult to assess the performance to date of Ilex URC in terms of 'economy' as there were no substantive targets set for the organisation in terms of activity levels, and therefore it is impossible to compare anticipated/actual inputs with costs. However, from our review of business plans and annual reports, the organisation has clearly engaged in underpinning activities designed to deliver outputs/outcomes;
- 'Efficiency' relates to the relationship between inputs and outputs. It is apparent from our review that the organisation has typically under-delivered against business plans and budget. However, coupled with the latter it has also under-spent when compared to budget. Once more, it is difficult to conclude on efficiency without explicit targets relating the two variables; and
- The third relationship 'effectiveness' compares outcomes to outputs. In the context of Ilex URC, we have already recognised that desired outcomes - in relation to both regeneration planning and site development - have still to be realised. Whilst the second regeneration plan has just been issued in draft for public consultation, and physical achievements clearly exist in the Peace Bridge, Telehouse, elements of Ebrington and Fort George's infrastructure, and Ilex's role in the success UK City of Culture bid, there is much still to do. This is in the nature of a regeneration programme. However, it is our view that it is too early to suggest that Ilex URC has been truly effective.

We would conclude that at this stage, Ilex URC has still to demonstrate value for money. Whilst progress has noticeably improved over the past 2 to 3 years, significant monies have been committed to the organisation and the substantive desired outcomes relating to both planning and site development have yet to be fully realised.

Regeneration by its very nature is a long-term programme of work and is complex - even more so in Derry-Londonderry - but the common view expressed to BDO by stakeholders during the course of our review of Ilex URC, is one of relative disappointment in relation to progress and impact over the period from commencement, whilst recognising that there is a current momentum which must be capitalised on.

7.6 Concluding Remarks

On the basis of the conclusions above, we would suggest that - under the terms of the organisation's Financial Memorandum - Ilex URC should become subject for review once again in 2014. This would coincide with the end of the UK City of Culture year and the anticipated outworking of the Review of Public Administration - which should both be informed by and inform the work of Ilex URC.

8 OPTIONS FOR FUTURE STRUCTURE

8.1 Introduction

The final stage of our review of Ilex URC is to explore the implications of our conclusions for the future direction and delivery options/mechanisms for the organisation.

We present below, potential options and corresponding associated delivery opportunities and challenges. We ultimately identify our preferred option for future structure.

8.2 Potential Options

On the basis of our review, we would suggest the following options require exploration:

- Option A: 'Extended Remit';
- Option B: 'Reduced Remit - Strategic';
- Option C: 'Reduced Remit - Delivery';
- Option D: 'Managed Transition'; and
- Option E: 'Status Quo Plus'

In relation to each option, we will consider the following:

- Option Overview - providing details of the nature and scope of the option;
- Opportunities - identifying the potential advantages of the particular option concerned;
- Challenges - identifying the potential disadvantages of the particular option concerned; and
- Concluding Remarks - our conclusions in relation to each option.

We then proceed to recommend a preferred option forward.

8.3 Option A: 'Extended Remit'

8.3.1 Option Overview

Under this option, the following parameters could apply:

- Ilex URC is granted additional powers in relation to planning and ownership of assets, equivalent to an urban development company/corporation (see appendix for more details);
- This could result in ownership of the sites passing from DSD and OFMDFM to Ilex URC; and
- The organisation will have greater authority post finalisation of the regeneration plan to implement the preferred development options across the city.

8.3.2 Opportunities

The positive aspects associated with this option might include:

- Potentially reduced delays between development plan finalisation and implementation;
- Potentially scope to engage with the private sector with greater authority;
- Placing Ilex URC at the very heart of decision-making in relation to the regeneration plan, and in relation to development at Fort George and Ebrington.

8.3.3 Challenges

Challenges relate to the following:

- Persuading key stakeholders that Ilex URC could and should assume further powers and responsibilities in relation to the regeneration of Derry-Londonderry based upon performance challenges to date;
- Understanding how further powers as outlined above actually address the performance challenges experienced by Ilex URC; and
- Consequently, achieving sufficient and sustainable ownership of development projects that emerge.

8.3.4 Concluding Remarks

It is difficult to envisage under this option how and why extended powers for Ilex URC could enable more effective delivery of objectives or represent better value for money. We do not believe that the difficulties experienced by Ilex URC to date can be attributed directly to a lack of organisational power or authority, or to the ownership of the two sites.

Consequently, we do not see this as a realistic option for further consideration.

8.4 Option B: 'Reduced Remit - Strategic'

8.4.1 Option Overview

Under this scenario, the following parameters might apply:

- The organisation's focus reduces to that of maintaining the relevancy of the regeneration plan and in managing the associated complex stakeholder relationships;
- The responsibility for development of the two sites at Fort George and Ebrington reverts to the sponsoring Departments, NWDO and/or Derry City Council;
- The new Board appointees bring the benefit of additional skills to the organisation as envisaged;
- The proposed new Director of Corporate Affairs does not proceed - instead, the organisation draws its corporate services and project management support in large part from the sponsoring Departments, NWDO and/or Derry City Council;
- A 'sunset' clause is introduced which suggests that the organisation's remit could expire in 2016 - although it is possible that the responsibility for strategic planning could transfer to Derry City Council before this date;
- Lines of engagement with the sponsoring departments are improved by requiring one department to take lead responsibility for all communication with Ilex URC; and
- The other operational improvements identified in section 7 are actioned as a matter of priority.

8.4.2 Opportunities

The potential opportunities relating to this scenario are as follows:

- The reduced remit of Ilex URC aligns more closely with its strategic leadership skills;
- The reduced remit will ensure that progress in relation to the two sites is taken elsewhere and prioritised in parallel;
- There are opportunities for shared resources across the key stakeholders; and
- Ilex's independence should assist with maintaining stakeholder commitment to the regeneration plan.

8.4.3 Challenges

The main challenges evident with this option appear to encompass:

- The ownership of strategy and monitoring of same resides with the arm's length body rather than the sponsoring department;
- There may not be sufficient challenge in the reduced remit to keep the current Board engaged; and
- The option assumes that other stakeholders are willing and able to assume responsibility for development of the two sites at Fort George and Ebrington.

8.4.4 Concluding Remarks

This option appears inappropriate given our conclusions in section 7 regarding the continued need for Ilex URC in the short term i.e. the next 3 years.

As a consequence, this option does not warrant further consideration.

8.5 Option C: 'Reduced Remit - Delivery'

8.5.1 Option Overview

Under this option, the following parameters might apply:

- The organisation's focus reduces to that of development of the two sites at Ebrington and Fort George;
- The responsibility for the regeneration plan and its monitoring reverts to the sponsoring Departments and/or Derry City Council;
- Ilex URC could be held responsible for the coordination of delivery partners to achieve implementation of the regeneration plan;
- The new Board appointees bring the benefit of additional skills to the organisation as envisaged;
- The proposed new Director of Corporate Affairs does not proceed - instead, the organisation draws its corporate services and project management support in large part from the sponsoring Departments, NWDO and/or Derry City Council;
- A 'sunset' clause is introduced which suggests that the organisation's remit could expire in 2016 - although once the sites are developed then the remit has been satisfied;
- Lines of engagement with the sponsoring departments are improved by requiring one department to take lead responsibility for all communication with Ilex URC; and
- The other operational improvements identified in section 7 are actioned as a matter of priority.

8.5.2 Opportunities

The potential opportunities relating to this scenario are as follows:

- The reduced remit of Ilex URC aligns more closely with that objective requiring prioritisation - the regeneration plan is nearing completion;
- There are opportunities for shared resources across the key stakeholders; and
- Ilex's independence should assist with achieving stakeholder commitment - particularly private sector - to the challenges associated with development of the two sites.

8.5.3 Challenges

The main challenges evident with this option appear to encompass:

- The organisation has experienced significant challenges in relation to progressing development of the two sites thus far;
- There may not be sufficient challenge in the reduced remit to keep the current Board engaged; and
- The option assumes that other stakeholders are willing and able to assume responsibility for regeneration planning and monitoring.

8.5.4 *Concluding Remarks*

This option appears inappropriate given our conclusions in section 7 regarding the continued need for Ilex URC in the short term i.e. the next 3 years.

As a consequence, this option does not warrant further consideration.

8.6 **Option D: 'Managed Transition'**

8.6.1 *Option Overview*

Under this scenario, we could envisage the following:

- Ilex URC seeks to transfer its responsibilities for both regeneration and development immediately to other relevant stakeholders over an agreed and managed timeframe;
- This could encompass transfer of the strategic remit to DSD and/or Derry City Council;
- This could encompass transfer of the development of the two sites back to the two sponsoring departments, to NWDO and/or Derry City Council; and
- The organisation would be ultimately disbanded within the next 3 year period.

8.6.2 *Opportunities*

The possible positive aspects of this option include:

- Reduced expenditure on Ilex over the coming years;
- Alignment of responsibilities with other stakeholders in a shorter timeframe; and
- Resolution of some of the complex issues of teamworking, collaboration, etc

8.6.3 *Challenges*

The key challenges associated with this option, could include:

- Capacity of other stakeholders to assume responsibilities;
- Sense of achievement associated with the Ilex URC tenure; and
- Extent to which local stakeholders interpret this as a withdrawal of support for regeneration in Derry-Londonderry.

8.6.4 *Concluding remarks*

This option appears inappropriate given our conclusions in section 7 regarding the continued need for Ilex URC in the short term i.e. the next 3 years.

As a consequence, this option does not warrant further consideration.

8.7 Option E: 'Status Quo Plus'

8.7.1 Option Overview

Under this scenario, Ilex URC continues largely as it currently operates but with the following recommended improvements/revisions to the status quo:

- The new Board appointees bring the benefit of additional skills to the organisation as envisaged;
- The new Director of Corporate Affairs is installed and delivers greater integration between project and financial management. This will necessitate a review of the overall organisation structure;
- Staff skills are augmented through secondment of appropriate business case, programme governance capabilities. There may also be scope to share some of the financial and project planning/management resources with the sponsoring departments;
- The organisation consequently reviews its performance management policies, processes and systems to ensure alignment between organisational, team and individual objectives;
- Enhanced interrogation of the Ilex URC Corporate and Business Plans should take place - initially within the organisation, but subsequently prior to finalisation in conjunction with the sponsoring departments;
- Relationships - and governance - between Ilex and the sponsoring departments could be improved by the creation of a more structured planning and monitoring/review regime. This would encompass senior personnel from Ilex and the departments meeting in June and November of each year, to discuss plans and performance;
- Relationships across the Ilex Executive Team should be improved. Building upon the recent Chief Executive review and reflecting the conclusions of the Gateway Review, plans to enhance skills and alignment of senior staff should be implemented and assessed as a matter of priority;
- Further consideration by Ilex towards appropriate outcome metrics and measurement;
- Continuation of the current monthly liaison meetings and appropriate attention towards timely and robust reporting by Ilex to work within public sector governance and accountability requirements;
- A further review of the organisation is carried out - in line with its Management Statement & Financial Memorandum - in 2014 (to coincide with completion of 'city of culture' work, etc);
- Lines of engagement with the sponsoring departments are improved by reducing the sponsorship arrangements to one department - or by requiring one department to take lead responsibility for all communication with Ilex URC (this will not change the duality of sponsorship arrangements, nor will it alter the ownership arrangements for the two development sites). The intention is merely to simplify communication and reporting arrangements between Ilex and government departments; and
- A 'sunset' clause is introduced which suggests that the organisation's remit could expire in 2016 - this term envisages 'wind down' after the 2013 'city of culture' designation and in keeping with the anticipated outworking of the Review of Public Administration.

8.7.2 Opportunities

The positives attaching to this option include:

- Continuity of resource and focus on the regeneration challenges in Derry-Londonderry;
- Opportunity for the current Chair and CEO - relatively recent appointments - to achieve some 'traction' on their plans for Ilex URC;

- Improvements to the current organisation thereby enhancing economy, efficiency and effectiveness;
- Scope to share resources thereby enhancing economy, efficiency and effectiveness; and
- Greater clarity about timescales for delivering outcomes, and hence a reprioritisation of the organisation's objectives.

8.7.3 Challenges

The potential challenges associated with this option include:

- Concerns could remain amongst stakeholders in relation to the capacity of Ilex URC to deliver the target outcomes given the difficulties experienced since commencement;
- Additional targets may be required to provide reassurance in relation costs v inputs v outputs v outcomes;
- Current proposals in relation to arm's length bodies suggests that one sponsoring department relationship works best in terms of providing 'clear line of sight'; and
- The issues identified relating to teamworking and collaboration within Ilex URC will need to be satisfactorily addressed.

8.7.4 Conclusions

This option has considerable merits in that it represents a basis for responding to the conclusions of our review in section 7.

It would appear to address the issues raised by our review and presents clarity for Ilex URC in relation to its future remit and timelines.

We recognise that the work of regenerating Derry-Londonderry will extend into the longer term, but believe that the current powers of Ilex URC could transfer in the medium term to Derry City Council, DSD or other delivery partners (including the private sector) - subject to the review of Ilex URC in 2014 and the outworking of the Review of Public Administration.

8.8 Recommended Option

On the basis of our review, we would suggest that the preferred delivery model going forward is represented by:

Option E: Status Quo Plus

This scenario envisages the continuation of Ilex URC for at least the next 3 years, with immediate significant revisions to operations, a further organisational review before the end of 2014, and the expectation - subject to that review and outworking of RPA - that the organisation could wind down operations by 2016.

9. RECOMMENDATIONS FOR ACTION

9.1 Overview

The last element of our review consists of an aggregation of the recommendations for action emerging. Consequently, we present below our views in relation to:

- Relevant review section reference;
- Corresponding recommended action arising;
- Anticipated benefits/outcomes of same;
- Organisation responsible for taking the action; and
- Proposed timescale for action.

We believe that the actions identified are crucial to the future success of Ilex URC and its relationship with the sponsoring departments.

9.2 Actions Arising

The table overleaf summarises the key actions arising from our review of Ilex URC. Critical next steps to position the organisation to deliver would appear to be as follows:

- Urgently complete and sign-off the delivery strategies for the two sites and the current Regeneration Plan;
- Improve the alignment of project/financial management and further consider the organisation's resource and skills base in order to ensure rapid progress of business cases and approvals through government accountability requirements;
- Further organisational development to augment capability to deliver and organisational governance;
- Consideration of a single Sponsoring Department to improve alignment between Ilex and Government in order to balance flexibility of operation with accountability;
- Enhance corporate planning and reporting regimes across Ilex and the Sponsoring Department(s); and
- Build further the relationship with the private sector in Derry-Londonderry and beyond.

9.3 Concluding Remarks

Ilex URC was established in 2003 but struggled in the initial years to make an impact. Significant flux across political, departmental and organisational environments - including changes to key leadership positions - coupled with the substantial regeneration challenges evident in Derry-Londonderry, contributed to a lack of traction until the current Chairman and Chief Executive assumed their positions in 2007 and 2009 respectively. The achievements in the last couple of years - encompassing a new draft Regeneration Plan compiled through broad-based stakeholder consultation, together with Ilex's contribution to the successful City of Culture bid - are therefore welcome and significant. Such progress suggests that a real springboard for action and results through Ilex URC now exists.

The organisation has been the subject of criticism from a variety of stakeholders since its establishment. This has encompassed project and financial management, the need for more effective corporate governance, and the lack of progress with regard to physical regeneration within the city, etc. Our review has tended to support these criticisms, but recognises the positive momentum of the last couple of years. We are clear that the current window of opportunity for further improvement must be grasped fully by Ilex URC and that the consequent regeneration outcomes desired by all key stakeholders must be achieved. It is reasonable to expect such progress within the next 3 to 5 years on the basis that there is stability in the current organisational leadership.

This will require a galvanised, focused and capable Ilex addressing the areas for improvement identified within Section 9 of our report, and working in a 'joined up' manner with its sponsoring departments, Derry City Council and other key local stakeholders to deliver fully on its objectives.

Section Ref.	Action Arising	Benefits/Outcomes	Responsibility	Timescale
S7.2.2	Interrogation & Review of Ilex Strategic Plans - pre and post finalisation	Ensuring that the Ilex Corporate Plan is a 'living' document with full ownership	Ilex URC in liaison with Sponsoring Departments	Within next 3 months
S7.2.2	Building effective relationships with the Sponsoring Departments	Delivering benefits to both parties, but ultimately leveraging further investment in the city	Ilex URC & Sponsoring Departments	Within next 3 months
S7.2.2	Building effective relationships with the private sector in Derry-Londonderry	Delivering benefits to both parties, but ultimately leveraging further investment in the city	Ilex URC	Within next 3 months
S7.2.3	Creation of 'feedback loop' in relation to business planning process	Ensuring that Ilex Business Plans are achievable and deliverable	Ilex URC	Within next 3 months
S7.2.4	More careful consideration of target organisational deliverables	Building confidence and trust across the stakeholder group, and delivering projects on the ground to increase momentum	Ilex URC	Within next 3 months
S7.2.5	Seconding staff with appropriate business case and programme governance skills into the organisation	Enhancing capabilities and capacity in these critical areas, directly related to accountability and project delivery	Ilex URC in liaison with Sponsoring Departments and other stakeholders	Target staff in post by Spring 2011
S7.2.5 & 6	Improve Senior Management Teamworking	Underpinning organisational success	Ilex Chief Executive	Ongoing
S7.2.6	Revise organisation structure to take account of new Director of Corporate Affairs position	Avoiding confusion of roles and ensuring efficiency & effectiveness of delivery	Ilex Chief Executive	Consider as soon as new position has been approved
S7.2.6	Progress programme of organisational development - including improvements to staff performance management regime	Enhanced delivery capabilities	Ilex Chief Executive	Ongoing
S7.2.7	Monitor & improve alignment between financial and project management and performance of same	Enhanced delivery capabilities and improved organisational governance	Ilex URC	Ongoing
S7.2.8	Interrogation & Review of SMART annual KPIs for the organisation - by Ilex and the sponsoring departments	Ensuring that the organisation remains focused and that desired outcomes are achieved	Ilex URC in liaison with Sponsoring Departments	Within next 3 months
S7.2.8	Establish structured/formal review meetings in June and November each year, involving senior staff at Ilex URC and Sponsoring Departments	Building the relationship between ALB and Departments and improving communication around priorities and performance	Ilex URC in liaison with Sponsoring Departments	Within next 3 months
S7.2.9	Instigate appropriate longer-term	Capacity to demonstrate longer-	Ilex URC in liaison with	Within next 3 months

Section Ref.	Action Arising	Benefits/Outcomes	Responsibility	Timescale
	mechanisms & processes for outcome measurement & monitoring	term impacts of the work of Ilex URC	Sponsoring Departments	
S7.2.10	Maintain and enhance monthly operational liaison meetings between Ilex URC and Sponsoring Departments with focus on delivery and outcomes	Improved communication between relevant parties	Ilex URC in liaison with Sponsoring Departments	Within next 3 months
S7.2.10	Seek to streamline the sponsoring department relationship - ideally to one Department, but in any event with greater coordination of departmental communication and demarcation of responsibilities	Improved communication between relevant parties	Sponsoring Departments	Within next 3 months
S7.2.10	Departments to attend Ilex URC Audit Committee, and stand down as 'observer' on Board	Clarity around governance relationship between Department and ALB	Sponsoring Departments in liaison with Ilex URC	Within next 3 months
S7.3.2	Ilex URC to finalise Regeneration Plan Mark II with corresponding Investment and Delivery Strategies	Providing a solid foundation for regeneration activity across Derry-Londonderry	Ilex URC in liaison with Sponsoring Departments	Finalise Regeneration Plan in early 2011; Complete Investment and Delivery Plans in parallel
S7.3.2	Ilex URC to prioritise regeneration of the two sites at Fort George and Ebrington	Enhanced focus on core objectives and capacity to deliver projects on the ground to build momentum and confidence	Ilex URC in liaison with Sponsoring Departments	Ongoing
S7.3.5	Prioritise demonstration of value for money through effective monitoring/measurement of inputs, outputs and outcomes	Building trust and confidence across all stakeholders and delivering physical projects on the ground	Ilex URC	Within next 3 months
S7.4	Carry out subsequent organisational review of Ilex URC in 2014	Maintain current view of challenges, opportunities and way forward	Sponsoring Departments	Consider in due course
S8.7.1	Introduction of 'sunset' clause to 2016, subject to review of organisation in 2014	Clarity on lifespan of organisation and focus for work in medium term	Sponsoring Departments in liaison with Ilex URC	Consider appropriate mechanisms post current review completion
S8.7.4	Monitor progress under 'Review of Public Administration' and direction of travel in relation to local/regional planning and regeneration responsibilities	Potential transition for Ilex remit into DCC/DSD in medium term	Sponsoring Departments & Ilex URC	Ongoing

APPENDIX A: SUPPORTING CONTEXTUAL INFORMATION**1. Socio-Economic Profile**

Illex URC has presented the following socio-economic profile of the Derry-Londonderry urban area:

Derry - Londonderry - Socio Economic Profile
<ul style="list-style-type: none"> • The stock of skills possessed by the working age population is insufficient to meet the present or future needs of employers within the city. It is important that the education and skills levels of both those unemployed and those in employment be enhanced to ensure that Derry-Londonderry is positioned to meet the changing demands of a modern economy. This skills deficiency ranges from low level literacy and numeracy through to higher NVQ level 4 (post A-Level); • A large percentage of the unemployed have been found to have either limited or no experience of employment during their lives, and thus on the extreme margins of the labour market, and therefore unlikely to gain employment in the absence of 'soft' labour initiatives specifically targeting these individuals and their specific needs. The majority of this group are located within a small number of wards and tend to have migrated into economic activity and are multiple benefit claimants; • The number of students from deprived areas studying STEM subjects and advancing to third level education is significantly lower than the numbers from affluent areas. In order to meet the existing and future demands for higher level skills we need to ensure first, that larger numbers of students study STEM subjects, and second, that those from less affluent areas choose to remain within the education system through to third level; • Tourism numbers within the City are comparatively low both in a national and regional context, illustrating the significant opportunities that exist to develop this sector within the city. The low value-added nature of present tourism provision again reflects the nature of the tourism product. The City needs to attract more tourists, from farther afield for longer, to ensure a sustainable tourism sector. The unique opportunity as the first UK City of Culture, the application for UNESCO World Heritage status, and the development of flagship projects such as the redevelopment of Ebrington will be on a scale that will have the potential to attract cultural and special interest tourists and will enable the City to compete effectively with other regions throughout Western Europe and beyond; • A second-city requires a number of elements to provide the 'critical mass' to ensure that it achieves the foundations for a sustainable city-region. These result in population increase improvements in the value and volume of jobs and demand for high level skills. The elements are a University of appropriate size, a regional hospital, an airport, good external and internal transport links, a well qualified workforce, a vibrant arts and culture infrastructure and a good quality of life e.g. recreational and leisure provision and personal security; • The demand for labour, at present, exceeds the available qualified labour force within the City. At the same time, many commuters travel daily to the City, are paid salaries in excess of city residents and spend this income outside of the City; • The low rate of economic activity within the City has ensured that little investment has taken place by the public and private sector in meeting the needs of children and young people. As the economy grows and incomes rise, there is a need to provide a broader range of cultural, recreational and leisure activities for young people, especially in the city centre. The failure to meet this need also impacts upon the achievement of the critical mass needed to achieve a Sustainable and Creative City; • The City has one of the youngest demographics in these islands, yet, there has been little technological development within the city to harness the modern knowledge-based skills that these young people possess; • Furthermore, young people within the less affluent areas have restricted access to new technologies; • Opportunities exist within the key regional development sites to facilitate those with ideas relating to creative industries and the green economy; • The composition of employment is skewed towards very large industry and very small firms, with few SMEs in evidence. In addition, the rate of business start-ups is extremely low with few young people expressing a preference to start their own business. This pattern is replicated at all ages and all areas within the City; • The City is heavily dependent upon the public sector but this is as much a reflection of the weakness of the private sector rather than an overdeveloped public sector. Increased investment within the private sector would improve the ratio of private/public sector jobs. In the absence of increased private employment, decentralisation of public jobs will further

increase the dependency ratio;

- Up until comparatively recently, the manufacturing base of the City exceeded that elsewhere in these islands but today is smaller than might be expected in an urban centre. The strong and unique links that Derry - Londonderry possesses with Rol, London and Boston could lever additional investment into the area if the competitive position of the city-region was improved. Key constraints include, poor transport linkages, little awareness of the potential that the city possesses - young workforce, some of the best schools in UK, rich cultural product and proximity to recreational and leisure activities; and
- Many of the physical assets that other city-regions have successfully exploited remain undeveloped and sub-optimal in their performance. These include the sites of regional significance including the river asset, Walled City, Ebrington, Fort George and the rural hinterland and opportunities for rural enterprise. Together they provide an unrivalled opportunity to meet the needs of the City.

2. History of Ebrington & Fort George sites:

• *Ebrington*

Ebrington Barracks has a long and important history in the city. A complex of more than 100 buildings of varying sizes - complete with robust perimeter walls - it covers 26 acres, just three fewer than the old walled city. Ebrington was built in a 'star fort' shape, enclosing a rectangular parade ground, the clock-tower building, hospital block and Brigade headquarters.

Impressive buildings, with a commanding view of the city were developed in the 1840s. Officers' quarters and soldiers' quarters also date to that period. Redbrick military buildings were added later. In 1875, adjoining land was bought and Ebrington expanded. The buildings around the central parade ground were of a style that had denoted British garrisons for a century or more. Officers' quarters, officers' mess, soldiers' quarters, hospital, stores - all positioned on symmetrical lines that underscored a military aura of orderliness. More buildings were erected in 1904, notably a new officers' mess and married quarters.

The 20th century heralded traumatic times, with the barracks playing important roles in the two World Wars and in the disturbances that erupted in Derry-Londonderry in the 1920s and during the more recent 'Troubles'. As part of the peace dividend from the Good Friday Agreement, the base's closure was announced in 2002.

In December 2003, the Ministry of Defence transferred control of Ebrington to OFMDFM. Ilex has focused on the regeneration of this site as a keystone of its Regeneration Framework.

• *Fort George*

The Fort George site, which until recently was a police and military base, served as a repair and fuel depot during the Battle of the Atlantic. Nearby waterfront land was the hub of a shipbuilding industry at the turn of the 20th century.

Fort George is bounded by Strand Road, on one side, and the Foyle on the other. The 14-acre parcel of prime real estate has a 300-metre water-frontage.

Strategically located at the northern rim of the city centre business district, the site is in a mixed-use area beside Sainsburys and other service outlets. Adjacent to it is the University of Ulster's Magee campus which has a strong IT research reputation and also houses international ICT and software design firms.

Fort George was vacated by the Ministry of Defence in June 2000 and was subsequently acquired by DSD. Again, Ilex's focus has been on the regeneration of this site as a keystone of its Regeneration Framework.

3. Board Members

Date of appointment	Non Exec Appointments	Date of Resignation	Date Reappointed	Date of Resignation
26/07/2003	Prof Gerry McKenna, Vice Chancellor University of Ulster			05/05/2005
Department Rep 26/7/2003	Mr John McGrath	25/7/2006	28/7/2006	25/02/2008
26/07/2003	Ms L Megahy			25/07/2006
26/07/2003	Mr Richard Sterling, ex CEO Coolkeeragh	25/07/2006	28/07/2006	24/07/2009
19/11/2003	Mr Garvan O'Doherty			18/01/2006
Department Rep 17/12/2003	Mr Paul Sweeney,			13/04/2006
26/07/2003	Prof Eddie Friel, Tourism and City Marketing Consultant	25/07/2006	28/07/2006	31/10/2006
26/07/2003	Ms Terri Scott, Invest NI			15/03/2006
26/07/2003	Mr Tony McGurk, CE, Derry City Council	25/07/2006	28/07/2006	11/05/2008
26/7/2003	E Jardine			17/12/2003
05/05/2005	Prof Richard Barnett, Vice Chancellor University of Ulster	25/07/2006	28/07/2006	24/07/2009
28/07/2006	Mr Michael Heaney, Director of Services, Donegal County Council	Current		
28/07/2006	Mr John McDaid, Chartered Accountant	Current		
28/7/2006	J McMillen	19/3/2007		19/3/2007
20/3/2007	P Priestly	30/11/2007		30/11/2007
01/10/2008	Mrs Valerie Watts, CE, Derry City Council	Current		
01/04/2008	Mr Matt McNulty, Director of Tourism, International Development Ireland Ltd	Current		
01/04/2008	Mr Tom Fanning Chief Executive, Midland Expressway and Macquarie Motorway Group			08/12/2009
11/5/2008	J Meehan			1/10/2008
24/07/2009	Deirdre Heenan	Current		
01/07/2010	Four new Non-Executive Board Members appointed with effect from 1 July 2010: Dame Geraldine Keegan, Education Mrs Margaret Lee, Community sector Mr Frank Hewitt, Chairman - NI Science Park/marketing Mr Colm McKenna, Banking	All current		

4. Summary of Ilex URC Financial Profile²⁹:

	Actual 31/03/2004 £	Actual 31/03/2005 £	Actual 31/03/2006 £	Actual 31/03/2007 £	Actual 31/03/2008 £	Actual 31/03/2009 £	Actual 31/03/2010 £	Total £
Expenses								
Staff Costs (excl Board)	59,206	317,139	342,880	639,825	711,426	781,502	1,043,505	3,895,483
Establishment and Admin	234,354	432,308	476,556	334,972	324,553	638,634	658,864	3,100,241
Staff costs and other costs	293,560	749,447	819,436	974,797	1,035,979	1,420,136	1,702,369	6,995,724
Programme costs	50,822	287,126	339,364	475,911	1,144,999	555,350	1,570,487	4,424,059
Ebrington Costs	22,684	594,680	664,809	751,451	1,402,930	522,729	219,346	4,178,629
Total expenditure	367,066	1,631,253	1,823,609	2,202,159	3,583,908	2,498,215	3,492,202	15,598,412
Income								
DSD	200,000	640,783	671,160	957,056	1,711,925	1,188,485	1,747,488	7,116,897
OFMDFM	146,423	948,336	1,092,331	1,232,968	1,857,333	1,284,277	1,729,908	8,291,576
Rental Income	15,329	30,000	40,723	6,000	6,000	6,000	0	104,052
Grant Release / Interest	5,416	11,664	17,776	6,135	8,453	14,571	14,810	78,825
Total Revenue Income	367,168	1,630,783	1,821,990	2,202,159	3,583,711	2,493,333	3,492,206	15,591,350
Operating Surplus	102	-470	1,619	0	197	4,882	4	7,062
Capital spend								
DSD	0	0	0	0	0	825,143	1,706,538	2,531,681
OFMDFM	0	0	0	0	0	989,597	2,752,164	3,741,761
Total revenue and capital spend	367,066	1,631,253	1,823,609	2,202,159	3,583,908	4,312,955	7,950,904	21,871,854

²⁹ Extracted from the statutory accounts - excludes the Peace Bridge

5. Detailed Revenue Expenditure

Detailed breakdown of costs is as provided by DSD, via Ilex, with some discrepancies to the statutory account information above:

Operating Costs	2004 £	2005 £	2006 £	2007 £	2008 £	2009 £	2010 £	Total £
Staff costs	59,206	317,139	342,880	555,605	690,157	776,620	1,015,535	3,757,142
Other Operating Costs	235,975	432,308	477,538	445,090	363,886	647,843	569,252	3,171,892
Total Staff Costs & Operating Costs	295,181	749,447	820,418	1,000,695	1,054,043	1,424,463	1,571,449	6,915,696

Of the Revenue costs, 55% relates to staff cost and 45% to other operating costs. Costs were paid 50/50 between OFMDFM and DSD.

Key highlights are:

- **Staff Costs**

The spend and mix on staff costs has changed, with new staff brought on board and a shift (from the earlier days) from the reliance on secondment staff to permanent staff, (although this has increased again in 2010):

Operating Costs	2004 £	2005 £	2006 £	2007 £	2008 £	2009 £	2010 £	Total £
Staff Costs:								
Wages & Salaries	19,282	138,261	57,935	262,439	527,307	592,728	599,390	2,197,342
Social Security Costs	1,828	17,176	10,844	27,418	48,197	59,570	51,678	216,711
Secondment Salaries	38,096	135,462	128,174	156,417	45,852	64,116	217,752	785,869
Temporary Staff	-	-	-	-	8,398	12,319	65,059	85,776
Other salary related costs	-	14,802	-	-	-	-	-	14,802
Interim Project Director	-	-	139,095	75,492	-	-	-	214,587
Pension Costs	-	11,438	6,832	33,839	60,403	47,887	81,656	242,055
	59,206	317,139	342,880	555,605	690,157	776,620	1,015,535	3,757,142
% increase pa		436%	8%	62%	24%	13%	31%	

Staff costs in 2006/7 include the costs of the interim Project Director, Peter Coyne. Costs in 2010 include staff costs for 14 staff, plus temporary and secondment salaries, to support the Regeneration Mark II Plan. 2009/10 programme costs also includes a further £279k in respect of professional services, stated to be formerly secondments.

- Other Operating costs

Operating Costs	2004 £	2005 £	2006 £	2007 £	2008 £	2009 £	2010 £	Total £
Other Operating Costs:								
Rent	26,746	59,848	59,756	59,924	60,169	72,586	77,907	416,936
Rates	10,585	17,231	17,997	18,437	17,540	19,597	20,605	121,992
Cleaning	1,793	5,226	5,944	4,799	4,038	4,150	5,107	31,057
Heat & Light	5,580	7,740	7,707	5,230	5,293	7,704	9,020	48,274
Repairs & Maintenance	12,454	3,138	512	5,296	-	-	-	21,400
Postage & Stationery	4,355	7,164	11,736	8,999	15,490	18,574	35,242	101,560
Telephone	4,951	7,860	9,790	8,627	13,942	14,131	13,707	73,008
Board Fees & Expenses	38,221	48,958	57,376	28,617	58,749	161,535	133,670	527,126
Board Fees - Employer's NIC	-	-	-	-	-	13,149	-	13,149
Insurance	677	1,363	1,145	-	-	-	-	3,185
Legal & Professional Fees	7,431	12,538	7,918	32,178	8,814	21,725	36,653	127,257
Audit Fee	3,466	5,787	5,787	5,787	5,875	6,081	23,032	55,815
Miscellaneous Expenses	2,758	2,367	2,072	3,283	4,871	4,434	6,685	26,470
Depreciation	5,593	12,103	18,602	22,094	18,338	15,653	13,426	105,809
Corporate Design	-	-	-	-	26,989	19,308	75,149	121,446
Graphic Design	-	26,379	11,136	83,579	-	-	-	121,094
Conferences	-	2,196	9,064	3,138	6,120	4,745	245	25,508
Procurement Services	-	49,500	-	-	-	-	-	49,500
Website Development	-	18,987	1,368	26,197	5,671	3,338	-	55,561
IT	-	3,098	27,588	15,441	12,379	40,021	17,316	115,843
Training & Development	-	2,441	47	1,736	4,302	17,472	25,747	51,745
Consultancy	-	40,723	2,644	30	6	-	-	43,403
Accountancy	-	10,606	5,278	6,656	4,438	1,495	-	28,473
Advertising & Marketing	7,519	22,121	18,457	10,703	46,983	18,024	-	123,807
Corporate Hospitality	6,074	3,766	3,961	2,715	7,334	3,652	-	27,502
Travel & Subsistence	-	9,573	7,156	6,404	14,661	13,335	12,280	63,409
Public Relations	11,164	22,946	6,685	-	-	-	-	40,795
Recruitment Costs	66,086	28,291	177,812	84,220	21,269	155,743	29,556	562,977
Bank Charges	-	358	-	-	615	555	1,495	3,023
Pre incorporation Expenses	19,234	-	-	-	-	-	-	19,234
Motor Running Expenses	1,288	-	-	-	-	-	-	1,288
Loss on disposal of tangible assets	-	-	-	-	-	1,528	-	1,528
Other Professional Fees	-	-	-	-	-	8,125	28,839	36,964
Books, journals & subscriptions	-	-	-	-	-	1,184	3,571	4,755
Total Other Operating costs	235,975	432,308	477,538	445,090	363,886	647,843	569,252	3,171,892

6. Programme Costs & Fort George

Key highlights per year are as follows, including all Fort George expenses up to 2008/9 (Ebrington costs shown separately):

2003/4: £50k

Costs comprise Fort George Park & Ride schemes and Integrated Development Fund bids.

2004/5 £287k

Programme costs 2004/05	2004 £
Indecon Baseline Study/planning	133,504
Integrated Development Initiatives	118,924
Other	34,695
Total Programme Costs	287,126

2005/6: £339k

Programme costs 2005/06	2006 £
Ilex Regeneration Plan	136,190
Integrated Development Initiatives	90,938
Other	29,022
Total Programme Costs	339,364

2006/7: £475k

Programme costs 2006/07	2007 £
Integrated development initiatives	68,813
Foot and Cycle Bridge Feasibility Study	181,100
Fort George Fencing	121,717
Sport Induced Regeneration Plan	33,840
Convention Centre Feasibility Fund	27,848
Other	42,593
Total Programme Costs	475,911

2007/8: £1,144k

Programme costs 2007/08	2008 £
Fort George Master plan	315,883
Fort George Cycle Path	132,719
Fort George Foundation Clearance	47,000
Other Fort George costs	132,667
Integrated Transport Strategy	140,603
Market analysis of sites and city	67,915
Retail study	40,147
Innovation Strategy Study	30,000
City Branding project	29,375
Other costs	208,690
Total Programme Costs	1,144,999

2008/9: £555k

Programme costs 2008/09	2009 £
Infrastructure - Integrated Transport Strategy	69,172
Enterprise - Programme Management System	158,392
Skills - Job Matching Brokerage	60,000
Regeneration Plan Mark II	44,345
Retail study	23,498
Future Search	26,368
Other	173,575
Total Programme Costs	555,350

2009/10: £1,570k

Programme costs 2009/10	2010 £
<u>Strategic Interventions</u>	
Economic Modelling (Oxford Economics)	230,000
Health Impact Study	65,167
Riverside Strategy	123,362
Riverside Strategy SEA	58,750
Programme Management System	55,617
Space Syntax	73,430
Branding Implementation	48,700
Employment Plans	40,000
Other Projects	109,054
Other Strategic Interventions	83,140
Total Strategic Interventions	877,220
<u>Regeneration Plan</u>	
Regeneration Plan Mark II (PWC Consultancy)	240,000
Professional Services (formerly secondments)	279,356
Learning Linkages Events Visits	104,897
EQIA data gathering	84,482
Total Chairman Review	708,735
Total Programme Costs	1,585,955

7. Fort George - DSD Capital spend

The four main spend categories for Fort George are in respect of the draft MasterPlan, decontamination, remedial works at the Quay Wall, the Jetty and the banks at Pennyburn and the infrastructure works for "Project Kelvin" or the Hibernia Exchange Centre:

Total Fort George Capital costs	31/03/2009 £	31/03/2010 £
Masterplan	145,981	
Decontamination	308,275	
Hub Building	75,000	
Remedial Works - quay wall, jetty and banks at Pennyburn	266,443	1,229,634
Infrastructure (incl. Project Kelvin)		441,692
Other costs	29,444	35,085
Total Fort George Capital Costs	825,143	1,706,411

8. Ebrington - OFMDFM Capital plus Revenue spend

Works on Ebrington include the revenue costs referred to above, plus capital works, with the latter, in the last two years, including ongoing conservation works, public realm work to Cunningham Square, completion of Phase 1 works to Building 11, Phase I infrastructure works at the Parade Ground:

APPENDIX A

Ebrington capital costs - 2009 & 2010	2009 £	2010 £
Conservation Works	380,476	618,369
Cunningham Square	365,103	407,408
Parade Ground		1,074,370
Infrastructure Phase 1		287,009
Office Quarter-Enabling Platform/Car Park		158,234
Building 11	26,022	209,844
Foot and Cycle bridge	138,547	-
CCTV	120,395	-
Cunningham Block	50,977	-
Demolition	50,761	-
Traffic Impact assessment	33,076	-
Other capital		1,214
Security	185,534	138,593
Other revenue		80,753
Total Project Costs (capital and revenue)	1,512,326	2,971,510
Capital element:	989,597	2,752,164
Revenue element:	522,729	219,346

APPENDIX B

Key timelines for the Peace Bridge were:

Action	Key Date
Economic appraisal completed	2008 - The EA stated that construction of the bridge was planned to start in April 2008 and complete over the course of 17 months to September 2009.
Design and construct team appointed	27/3/2009
Letter of offer from SEUPB	Letter of Offer from SEUPB dated 17/10/2008 and accepted by Ilex on 14/11/2008, following approval by Board.
Peace Bridge announced	Launch on 8/4/09 provided anticipated dates as follows; - to commence September 2009 and complete October 2010
Planning approval granted	Planning application lodged 25 August 2009 and planning consent granted 23 November 2009
Construction commenced	January 2010 - to be completed December 2010
Anticipated completion date	May 2011

APPENDIX C**Progress against Targets
REGENERATION PLAN 2005**

First Phase priorities	Action to date and rationale	Responsibility	Status as per Ilex
1. Airport study completed and resourced development plan in place	Study commissioned and completed. A shadow Steering Group was put in place, which Ilex participated in.	DCC	Completed
2. Commitment secured to full dualling of A6 to Belfast	Ilex led on the Integrated Transport Study, which is still in draft form. This was revisited by the sectoral working group, and has been formally adopted. Two site investigation contracts awarded. Commitment has been secured from DRD, subject to funding, and discussions with DRD are ongoing	DRD	Commitment secured, project not commenced and subject to funding
3. Commence project to develop new railway station at Ebrington	Considered as part of the Integrated Transportation Plan and the Ebrington Master plan, as well as the Peace Bridge Business Case and technical feasibility study. Translink, with Ilex support, are conducting a further detailed Feasibility Study relating to the optimum location for it, to be completed late 2010. Project not commenced	DRD, Translink	Project has not commenced No funding in DRD budgets for this project.
4. Secure detailed design for Harbour Place civic plaza	Considered as part of Riverside Masterplan which will inform the ultimate design, issues arising in relation to disability and access.	Ilex with DCC	Project commenced, not completed
5. Implement Waterloo Place/Shipquay Place EIS	Environmental Improvement Scheme approved and commenced - contractor appointed	DSD	Project completed.
6. Effect Managed Market Strategy	Ilex commissioned report into Delivery models -	Ilex	
7. Introduce Queens Quay gyratory system	Included in the review of the Strategic Riverside Masterplan - will form part of the Harbour Place civic plaza design. Technical challenges arising. System not introduced	DRD	Project has not commenced
8. Commence project to form new public realm between St Columb's and Craigavon Bridge	Ebrington is part of the public realm between St Columb's and Craigavon Bridge. Ilex has completed site clearance at Ebrington, and commenced works at the Parade Ground, Cunningham Sq, and the Peace Bridge. DCC is to deliver the waterside greenway and is awaiting planning consent prior to commencement of construction. The Riverside Strategy also considers the public realm, although implementation could be facilitated by the moving of the train station to Ebrington.	Ilex/DCC/Translink	Project commenced, not completed
9. Complete master plans, site infrastructure works, 50% of site	Master Plan completed for Ebrington Draft Master Plan for Fort George - left in draft in order to complete	Ilex	Not Completed

First Phase priorities	Action to date and rationale	Responsibility	Status as per Ilex
marketing and commence phase 1 development on both Ebrington and Fort George	<p>public consultations but overtaken by the Regeneration Plan Mark II (and its consultation process) and the economic climate. Masterplan for Ebrington-Regeneration Plan has impacted on this. Letter from Ministers confirming nothing should be done on the sites which predicated the end uses until completion of the Regeneration plan and its EQIA</p> <p>Parade Ground tenders closed March 2010 following contractual issues.</p> <p>Commenced Phase 1 on Ebrington with Cunningham Square and the Parade Ground, transport assessment and geotechnical/contamination analysis.</p> <p>Work at Fort George includes transport analysis and geotechnical/contamination analysis.</p> <p>Development not commenced at Fort George - delay due to discussions with MOD on contamination</p> <p>50% of site marketing not completed - unclear what this relates to, although marketing cannot commence until EQIA is completed. There is a proposal with the Departments for a Joint Venture approach with the private sector. This is still in discussion.</p>		
10. Procure development master plan for Queen's Quay, resolve site assembly issues and have planning permission in place for phase 1 developer proposals	Development Master Plan completed Planning permission outstanding	DCC	Not completed
11. Site adjacent to the Guildhall under development construction (formerly the City Hotel)	Scheme did not progress because developer withdrew citing lack of finance.	DSD	Not Completed
12. Optimum road and traffic plan established and road bridge feasibility resolved and (if feasible) project committed and advanced to full design stage	Included in Integrated Transportation Study completed, which proposed a 3 rd and 4 th bridge. Has not progressed to feasibility and full design stage With DRD for consideration.	DRD	Commenced, not completed
13. Craft Village revitalization strategy established and works at advanced stage	There has been ongoing discussions between DCC and the Inner City Trust for a strategy for Upper Shipquay and Magazine Street, with a craft focus.	DCC	Commenced, not Completed
14. Visitor Orientation Plan and works completed including relocation of Tourist Information Centre to Shipquay Place/ Harbour Square	Commenced as part of DCC's Tourism Development Strategy. Signage is completed, with the TIC to relocate to Guildhall as part of its refurbishment, although refurbishment has not yet commenced.	DCC	Commenced, not completed

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First Phase priorities	Action to date and rationale	Responsibility	Status as per Ilex
15. City wall enhancements and illuminations completed	Walled City Lighting project at Economic appraisal stage with DETI/NITB for approval and funding.	DCC	Commenced, not completed
16. At least two major international design competitions current or complete	Three major international design competitions at Ebrington, namely: Design of Mute Meadows Design and construct of the Ebrington Parade Ground (advertised through EJEU) Design and construct of the Peace Bridge (advertised through OJEU)	Ilex	Completed
17. Cap on students lifted	There has been discussion on the cap on student numbers being lifted at Magee although this has not progressed. IlexStudy	University of Ulster/DEL	Not completed
18. Development and funding plan agreed for expansion of Magee campus	Ilex assisted in the preparation of a Land Use Analysis, with Magee having a funding plan in place.	University of Ulster	Research completed, forms part of new RP.
19. Programmes of youth self-esteem and aspiration established, resourced, in operation and effective	Unclear as to the nature of this action. Undertaken by LSP.		
20. Robust city branding for tourism established and effective	Branding exercise completed for the City in 2009, although this has not yet been executed	DCC	Commenced, not completed
21. City Gateway enhancement and branding schemes implemented	Assumed by Ilex to refer to branding and art work at the approaches to the City. Walled City branding on approaches, full branding exercise not yet implemented.	DCC	Commenced, not completed
22. One new major visitor attraction project committed including wet weather visitor attraction	Proposal for Maritime Museum and Archive Facility at Ebrington, as a major visitor attraction project including a wet weather visitor attraction project, at Feasibility and Economic Appraisal stage - submitted to Heritage Lottery Fund and NITB for funding. Positive initial response although funding not yet secured.	Ilex & DCC	Commenced, not completed
23. Arts & Culture Strategy including Art Gallery established, outputs defined and projects commenced	Arts & Culture Feasibility Study prepared, to be situated at Ebrington. Including in the UK City of Culture 2013 bid. Business Case with DFP for consultants to be appointed to prepared Business Plan and concept designs for Art Gallery. Creative Digital Content strategy - draft completed and at DETI for approval	Ilex	Commenced, at planning stage, not completed
24. Regional Retail Planning Strategy in place to protect and develop pre-eminence of city centre as regional hub	Retail Strategy prepared and feeding into the Regeneration Pan Mark II.	Ilex	Completed
25. Community policing fully effective and operational in association with the Community Safety Partnership and the City Centre Initiative	Unclear as to the nature of this action There has been more CCTV coverage through DCC	PSNI	Unclear
26. Definitive planning guidance in place for river corridor (urban) design and	Strategic Riverside Masterplan prepared Planning guidance for Walled City is outstanding.	Ilex	Partially completed

First Phase priorities	Action to date and rationale	Responsibility	Status as per Ilex
for Walled City urban design and conservation (including street furniture)			

2007/2008 - Performance against targets -

Creation and promotion of the co-ordinated regeneration of the Derry City Council area

Infrastructure	
Actions	Status as per Ilex Ilex Performance Measures
We will facilitate the development of a Masterplan for CODA	Masterplan prepared by DCC.
With our partners, develop an Integrated Transport Strategy and Implementation Plan for the City	Completed April 2009 and has been endorsed by the SWG and fed into the Regeneration Plan
We will support the implementation of the A2 Maydown to City of Derry Airport Dualling Scheme	Ongoing - DRD responsibility. Ilex support provided via IDF.
Promote L'Derry Port to meet capacity shortfalls in Irish ports	Ilex assist port on new strategic plan and economic impact study, complete.

Innovation	
Actions	Status as per Ilex Ilex Performance Measures
We will, with our partners, advance the development of an Academic, Business and Clinical Research Facility	Completed Benchmark.
We will co-ordinate and facilitate the development and implementation of a Regional Innovation Action Plan.	Innovation promoters programme completed
Pilot Innovation Action programme, commenced in 2007.	Completed

Enterprise	
Actions	Status as per Ilex Ilex Performance Measures
Programme Management set up; project commenced in 2007 / 08 and total project cost is £120k.	Programme put in place by consultants ready for programme manager to take over. Programme manager appointed June 2009
Walled City Built Heritage Programme - Secure the full commitment of programme funds: First Derry Presbyterian Church - construction underway St Columb's Cathedral - ongoing Apprentice Boys Museum - ongoing The Guildhall - ongoing	Working with Derry City Council
With our partners, secure the implementation of the Walled City Lighting Strategy	Funding secured from NITB

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Enterprise	Actions	Status as per Ilex Ilex Performance Measures
City Centre Initiative Programme - clean, safe and friendly projects.		Completed
Detailed analysis of the health sector and development of a Health Action Plan.		Completed
We will continue to drive forward the City web portal project		Completed
We will continue to take a lead role in the implementation of the NW Challenge Fund, including the Foyle Public Art Project.		Completed
City Branding Implementation		Ongoing - DCC as lead
We will support the Strategy for World Heritage Status and for Tourism Development		Tourism Strategy launched. DCC as lead. City of Culture.

Skills	Actions	Status as per Ilex Ilex Performance Measures
We will, with our partners, advance the development of a Virtual Software Centre at NWIFHE		Completed
We will, with our partners, advance the development of ICT capacity at Magee to facilitate Financial Services FDI		Completed
We will support the University of Ulster's initiative to increase the number of Non-EU Students on courses at Magee		Completed
Job matching programme to facilitate the introduction of employer plans and supplier model		Ongoing

Sense of Place	Actions	Status as per Ilex Ilex Performance Measures
We will continue to support the full implementation of the Walled City Signature Destination Programme		Ongoing - NITB and DCC as lead
We will support the development and implementation of the Waterloo Place Public Realm project.		Completed by DSD
We will initiate a Riverside Design Guide / strategy to include greenways on both sides of the River Foyle in tandem with the proposed foot and cycle bridge and to include Bay Rd.		Completed - strategy launched
We will commission the development of an Economic Impact Tool to enable the modelling of the impact of various courses of action.		Completed

Ebrington economic, social and physical regeneration

Ebrington	
Actions	Status as per Ilex Ilex Performance Measures
Conservation works; incl. upgrading of the Star Fort walls, weatherproofing the listed buildings, removing partitions and improving the officers mess.	Substantial works completed but conservation works ongoing
<i>Parade Ground - Public Realm design - project commenced in 2007 / 08.</i>	Design project completed, although subject to delay due to legal challenge from contractor and also resolving VAT issue with OFMDFM.
Parade Ground works	£5.4m contract awarded Aug 2010 and site start date 6/9/10
<i>Infrastructure works - Design of - project commenced in 2007 / 08.</i>	Design commenced but as masterplan is dependant on outcome of Regeneration Plan and its EQIA, cannot be completed until then. Letter from Ministers May 2009.
Infrastructure works	As above
<i>Planning Application for infrastructure works.</i>	
<i>Asbestos removal and demolition of non-conservation buildings on eastern site - project commenced in 2007 / 08 (incl. contingency) £434k plus VAT = £510k</i>	Completed
Detailed Design Cunningham Square	Completed
Cunningham Square works	In progress - Subject to delay due to inadequacy of stone supplied. Completion anticipated February 2011.
Detail Design car park and enabling platform	o/s funding a key issue as well as Regeneration plan and EQIA. Design dependant upon ultimate use on top of car park platform.
Building 11 design, planning and refurbishment	design done and planning consent granted. Initial preparatory works complete
3D Imagery	Completed
Site / soil / environmental investigations	Completed
<i>Geotechnical study of riverbed</i>	Completed
Project Manager Bridge, NB Clerk of Works not appropriate to the NEC3 contractEngineer	Complete
<i>Traffic Impact analysis for Ebrington, St Columbs Park and Clooney - project commenced in 2007 / 08.</i>	Completed
CCTV works	Completed
General site maintenance and health and safety	Ongoing
<i>Report on title, resolving title queries and preparing development agreements & draft leases</i>	Ongoing-links into delivery strategy

2008/2009 - Performance against targets

Infrastructure	
Actions	Status as per Ilex Ilex Performance Measures
We will facilitate the preparation of a Masterplan for CODA	Master Plan for CoDa completed by DCC
With our partners, develop an Integrated Transport Strategy and Implementation Plan for the City; project commenced in 2007 and total project cost is £176k.	Completed April 2009 -As above 2007/08
We will support the implementation of the A2 Maydown to City of Derry Airport Dualling Scheme	Ongoing - DRD responsibility As above 2007/08
Innovation	
Actions	Status as per Ilex Ilex Performance Measures
We will, with our partners, advance the development of an Academic, Business and Clinical Research Facility	As above.
We will co-ordinate and facilitate the development and implementation of a Regional Innovation Action Plan.	DETI Responsibility
Pilot Innovation Action programme, commenced in 2007.	Completed
Enterprise	
Actions	Status as per Ilex Ilex Performance Measures
Programme Management set up; project commenced in 2007 / 08 and total project cost is £120k.	Programme manager appointed As above 2007/08
Walled City Built Heritage Programme - Secure the full commitment of programme funds: First Derry Presbyterian Church St Columb's Cathedral Apprentice Boys Museum The Guildhall	Working with Derry City Council
With our partners, secure the implementation of the Walled City Lighting Strategy	Funding secured from NITB
City Centre Initiative Programme - clean, safe and friendly projects.	Completed
Detailed analysis of the health sector and development of a Health Action Plan.	Completed
We will continue to drive forward the City web portal project	Completed
We will continue to take a lead role in the implementation of the NW Challenge Fund, including the Foyle Public Art Project.	Contract awarded
City Branding Implementation	Led by DCC - not yet implemented
We will support the Strategy for World Heritage Status and for Tourism Development	Ongoing

Skills	
Actions	Status as per Ilex Ilex Performance Measures
We will, with our partners, advance the development of a Virtual Software Centre at NWIFHE	Completed
We will, with our partners, advance the development of ICT capacity at Magee to facilitate Financial Services FDI	Completed
We will support the University of Ulster's initiative to increase the number of Non-EU Students on courses at Magee	Completed
Job matching programme to facilitate the introduction of employer plans and supplier model	Ongoing

Sense of Place	
Actions	Status as per Ilex Ilex Performance Measures
We will continue to support the full implementation of the Walled City Signature Destination Programme	Ongoing - NITB and DCC as lead
We will support the development and implementation of the Waterloo Place Public Realm project	Completed by DSD
We will initiate a Riverside Design Guide / strategy to include greenways on both sides of the River Foyle in tandem with the proposed foot and cycle bridge and to include Bay Rd.	Completed - strategy launched
We will commission the development of an Economic Impact Tool to enable the modelling of the impact of various courses of action.	Completed

Ebrington economic, social and physical regeneration All as above 2007/08	
Actions	Status as per Ilex Ilex Performance Measures
Conservation works; incl. upgrading of the Star Fort walls, weatherproofing the listed buildings, removing partitions and improving the officers mess.	Work ongoing
<i>Parade Ground - Public Realm design - project commenced in 2007 / 08.</i>	Design project completed, although subject to delay
Parade Ground works	Implementation not yet started - £6m contract awarded Aug 2010
<i>Infrastructure works - Design of - project commenced in 2007 / 08.</i>	O/s - funding a key issue
Infrastructure works	o/s funding a key issue
<i>Planning Application for infrastructure works.</i>	
<i>Asbestos removal and demolition of non-conservation buildings on eastern site - project commenced in 2007 / 08 (incl. contingency)</i>	Ongoing
Detailed Design Cunningham Square	Completed
Cunningham Square works	In progress - Subject to delay
Detail Design car park and enabling platform (works £7m)	o/s funding a key issue
Building 11 design, planning and refurbishment	Partially completed
3D Imagery	Completed
Site / soil / environmental investigations	Completed
<i>Geotechnical study of riverbed</i>	Completed
Project Manager Bridge, Clerk of works, Engineer	
<i>Traffic Impact analysis for Ebrington, St Columbs Park and Clooney - project commenced in 2007 / 08.</i>	Completed
CCTV works	Completed
General site maintenance and health and safety	Ongoing
<i>Report on title, resolving title queries and preparing development agreements & draft leases</i>	ongoing

Fort George economic, social and physical regeneration	
Actions	Status as per Ilex Ilex Performance Measures
Masterplan and Planning Application (incl EIA)	Draft Master Plan and planning application prepared but could not be progressed due to Regeneration plan and EQIA.
Jetty Steel Railings	Completed
Jetty improvements including re-surfacing, lighting and minor demolitions	Completed
Jetty concrete repairs	Completed
Decontamination	Outstanding - in negotiation with MoD over indemnities
Knotweed Eradication	spraying ongoing to minimize regrowth and final solution will be part of decontamination of site.Awaiting outcome on decontamination
Pennyburn clean up	Completed
Remediation to banks at Pennyburn post dredging and clean up	Completed
Improvements to Estuary and repairs to quay wall including remedial works	Completed
Wind tunnelling & sun aspect	Completed
General site maintenance and health and safety	Ongoing
Legals	Ongoing

2009/2010 - Performance against targets

Strategic Interventions		
Actions	Ilex Performance Measures	Achievements per Ilex
Economic Modelling	Completed	Completed
Health Action Plan	Completed	Completed
Employment Plans	Completed	Completed
Employment Plans	Social clauses included in all Ilex capital projects.	Peace Bridge created 8 jobs for long term unemployed and 4 apprenticeships. Parade ground will deliver 6 jobs for long term unemployed and 3 apprenticeships.
Property Database	Underway	Underway
Supplementary Planning Guidance re retail study	Underway	Underway
Access Ilex (Web Resource)	Underway	Underway
Non EU Students	Completed	Completed
Broadband Initiative	Completed	Completed
Digital Content	Underway	Underway
Riverside Strategy	Completed	Completed
Walled City Action Plan	Not yet completed	Not yet completed
Programme Management System	Implement Programme management Regime for city. Appoint programme manager	Complete-programme manager appointed June 2009 and programme management regime in place for city
World Heritage Status	Underway	Underway
Web portal	Completed	Completed
Branding implementation	Underway	Underway
Business Case & Action Plan - Art Gallery, Ebrington	SOC preparation and approval. OBC preparation and approval	Draft SOC prepared and to be lodged imminently
Feasibility Study - Maritime Museum, Ebrington	Feasibility Study complete	Feasibility Study complete
Chairman's review;	Completed	Completed
Regeneration Plan Mark II BC	Completed	Completed
Additional Resource	Completed	Completed
Learning, linkages, events, visits	Completed	Completed
EQIA data gathering	Completed	Completed

Ebrington Projects		
Actions	Ilex Performance Measures	Achievements per Ilex
Delivery Strategy	EA prepared.	EAs lodged with the Departments 8 December 2008 ³⁰
Conservation works	O/S awaiting comments from Ilex	Substantial amount completed and others remain ongoing
Cunningham Square	Design work and planning. Construction	Construction commenced and due to complete October 2010. Delays due to quality of stone requiring replacement supply
Cunningham Block	Sale to private sector	On hold due to Ministers' letter May 2009
Parade Ground	Design, planning and construction	Construction start on site 6/9/10. Successfully removed legal challenge from contractor.
Infrastructure	Design, planning and construction	On hold due to Ministers' letter May 2009-dependant on outcome of Regeneration Plan and EQIA
Office Quarter Underground Car Park & enabling platform	Design, planning and construction	On hold due to Ministers' letter May 2009-dependant on outcome of Regeneration Plan and EQIA for uses above the platform. EA approved on basis this project was delayed to 2011/12
Building 11	Design, planning and construction	Planning consent granted and initial works completed. Redesign to commence shortly.
Boutique hotel	Sale to private sector	On hold due to Ministers' letter May 2009-dependant on outcome of Regeneration Plan and EQIA
Fort George Projects		
Actions	Ilex Performance Measures	Achievements per Ilex
Delivery Strategy	EA prepared	EAs lodged with the departments in December 2008 but subsequently withdrawn by Kyle Alexander
Masterplan	Design team appointment, preparation of masterplan. Lanuch masterplan.	Draft masterplan launched 2007. On hold dependent on outcome of Regeneration Plan and EQIA
Pennyburn dredging and reforming of embankment	Dredge Pennyburn	completed
Repair/replacement of Quay wall	Designing, construction. FEPA licence.	completed
Site decontamination	Contamination surveys and analysis. Options for decontamination-assessing and bringing forward of best solution.	Discussions ongoing with MoD to finalise.
Knowledge Economy (1 st phase)	Preparation of funding application and business plan.	Funding application prepared. Business Plan complete. Funding measure not yet open.
Infrastructure	Design, planning and construction	On hold - dependent on outcome of Regeneration Plan and EQIA

³⁰ Draft only prepared - not submitted to Departments

APPENDIX D**SUPPORTING CONSULTATION MATERIAL****Detailed Feedback to Staff Survey:**

Thinking about key achievements, how successful do you feel Ilex URC have been in delivering each of its stated aims?				
Answer Options	Very Successful	Quite Successful	Not Very Successful	Not at all Successful
Aim 1: To create and promote a co-ordinated regeneration of the Derry City Council area and to facilitate its implementation in co-operation with interested partners	37.5%	62.5%	0	0
Aim 2: To secure the economic, social and physical regeneration of the Ebrington & Fort George sites.	25%	56.25%	18.75%	0

In relation to achievements in delivering the organisation's stated aims:

- Some 62.5% of respondents rated Ilex performance as 'Quite Successful' for its macro regeneration objective; and
- Some 56% of respondents rated performance as 'Quite Successful' for the regeneration of the two sites - although in this category some 18% rated performance as 'not very successful'.

Aim 1: To create and promote a co-ordinated regeneration of the Derry City Council area and to facilitate its implementation in co-operation with interested partners	
Achievements	Barriers
<ul style="list-style-type: none"> • Taken a lead role in terms of responsibility for delivering regeneration • Indecon baseline survey in 2005 • Successful involvement of the stakeholder spectrum in formulating and finalising the Regeneration Plan Mark II • Recognition by Government of the need for a specific focus on Derry • IDF funded projects • The successful bid for UK City of Culture 2013 • Comprehensive plans for two development sites • Peace Bridge 	<ul style="list-style-type: none"> • Politicians and elected members • Lack of cohesion and teamwork with sponsors • Regeneration Plan Mark II - Issues of trust and self-interest slowed progress • Not being allowed to operate as a true Arms Length Body • Negative perception at the beginning • Delivery of Co-ordinated Approach not achieved • Poor staff relations and instability at senior level • Lack of specialist knowledge in sponsor departments. • Require more powers to implement change • Lack of commitment to future funding • Media • Economic Downturn

Aim 2: To secure the economic, social and physical regeneration of the Ebrington & Fort George sites.	
Achievements	Barriers
<ul style="list-style-type: none"> • Peace Bridge • Cunningham Square at Ebrington • Parade Ground at Ebrington • Publication of the Masterplans for Ebrington and Fort George • Market Analysis complete for both sites • Knowledge Hub • Project Kelvin Telehouse at Fort George • Securing UK City of Culture 2013 • Jetty redevelopment at Fort George • Transport assessment, topographical geotechnical and contamination surveys 	<ul style="list-style-type: none"> • Lack of cooperation and support from relevant government departments • Lack of project plans and programmes • Economic climate • Being saddled with the same level of bureaucracy as the core civil service, impacts on time • Lack of private finance/Investment in property market • Decontamination issues at Fort George

Aim 1: To create and promote a co-ordinated regeneration of the Derry City Council area and to facilitate its implementation in co-operation with interested partners	
Agenda/Priorities	Potential Barriers
<ul style="list-style-type: none"> • Be given more power and responsibility • Approval of Regeneration Plan Mark II • Secure agreement on Regeneration Plan Mark II • Implementation of the Regeneration Plan Mark II • Focus on UK City of Culture 2013 delivery • Ensure the public consultation reaches as wide an audience as possible • Further the development of the two sites at Ebrington and Fort George • Completion of Peace Bridge • Develop relationship with Private Sector • Investigating and piloting innovative financial solutions to assist with funding cuts 	<ul style="list-style-type: none"> • Economic recession and current climate • Lack of commitment • Political failure • Being unable to further alternate funding possibilities such as Joint Ventures • Lack of focus on delivery • Poor internal communication leading to poor external communication • Unwillingness of sponsor departments and DFP to look positively at creative solutions • Continued poor staff relationships • Failure to create genuine partnerships • Sufficient staff resources to co-ordinate and deliver on the implementation process.

Aim 2: To secure the economic, social and physical regeneration of the Ebrington & Fort George sites.	
Agenda/Priorities	Potential Barriers
<ul style="list-style-type: none"> • Agreement and Implementation of the Regeneration Plan Mark II • Development of Ebrington Parade Ground • Creation of an Investment and Delivery Plan • Sustainability at the core • Action plan for Project Kelvin in the context of the Fort George Knowledge Hub • Review of master plans • Continue to inform and engage with the public about the two sites • Secure long term letting leases with local businesses to generate an income from Cunningham Block, and other buildings, once their regeneration has been completed 	<ul style="list-style-type: none"> • Some government departments • Lack of consensus on way to move forward • Lack of public support • Lack of funding - public and private • Failure to agree delivery strategy • Poor staff relationships

How effective is Ilex at corporate and business planning?		
Answer Options	Response Percent	Response Count
Very effective	27.3%	3
Quite effective	63.6%	7
Not very effective	9.1%	1
Not at all effective	0.0%	0
Don't know	0.0%	0
answered question		11
skipped question		5

The majority of responses (c91%N=11) indicated that the organisation is 'quite or very' effective in how it carries out its corporate and business planning processes. Common areas for enhancement in the process were identified as:

- Better monitoring and review of plans;
- Greater understanding of individual projects; and

- Better consultation with a wider range of stakeholders to ensure that corporate objectives reflect the local issues.

How effective is Ilex in undertaking its governance and accountability responsibilities?		
Answer Options	Response Percent	Response Count
Very effective	36.4%	4
Quite effective	63.6%	7
Not very effective	0.0%	0
Not at all effective	0.0%	0
Don't know	0.0%	0
answered question		11
skipped question		5

All respondents (100% N=11) indicated that the organisation is 'quite or very' effective in how it undertakes its governance and accountability responsibilities. Common areas for enhancement were identified as:

- By ensuring all staff are conversant with the agreed processes; and
- Some procedures could be streamlined to reduce the bureaucracy.

How effective is Ilex in measuring its performance?		
Answer Options	Response Percent	Response Count
Very effective	9.1%	1
Quite effective	54.5%	6
Not very effective	27.3%	3
Not at all effective	9.1%	1
Don't know	0.0%	0
answered question		11
skipped question		5

Some 64% of responses indicated that the organisation is 'quite or very' effective in how it measures performance. Common areas for enhancement were identified as:

- Timely and focused appraisals;
- Better communication;
- Easy and readily available access to up to date financial information regarding costs and spend to date on projects;
- More accurate and timely management accounts;
- Discussion on finance situation with other directorates;
- Obtaining support, trust and buy in from sponsor departments; and
- Better use of established programme management regime.

How effective is Ilex at engaging with its key stakeholders?		
Answer Options	Response Percent	Response Count
Very effective	54.5%	6
Quite effective	27.3%	3
Not very effective	18.2%	2
Not at all effective	0.0%	0
Don't know	0.0%	0
answered question		11
skipped question		5

The majority of responses (c82% N=11) indicated that the organisation is 'very or quite' effective in how it engages with key stakeholders. Common areas for enhancement were identified as:

- The work on the Regeneration Plan and the new CEO has greatly improved Ilex's stakeholder engagement- this needs to be maintained;
- Better relationships with Sponsoring Departments; and

- Engagement of executive team at higher level to ensure decisions taken strategically.

How effectively is staff resources (e.g. directorates, numbers and grades) allocated/aligned to business needs/demands?		
Answer Options	Response Percent	Response Count
Very effectively	0.0%	0
Quite effectively	63.6%	7
Not very effectively	18.2%	2
Not at all effectively	9.1%	1
Don't know	9.1%	1
answered question		11
skipped question		5

In relation to organisation structure/design, some 63% of responses indicated that the organisation is 'quite' effective in how it allocates/aligns staff resources to business needs. Common areas identified as gaps included:

- Slicker operation, if there were much improved teamwork, less silo based and with clear lines of responsibility;
- Assistance in preparation of Business Cases/Economic Appraisals e.g. dedicated economist;
- Project management; and
- Staffing levels need to be improved within both the Development and Finance & Corporate Affairs directorates.

Common areas identified as overlaps included:

- Disproportionate level of staffing in support functions e.g. Finance and Corporate Services, as opposed to delivery directorates; and
- No central filing system and so huge potential for duplication of papers.

How effective is Ilex in the delivery of its services?		
Answer Options	Response Percent	Response Count
Very effective	27.3%	3
Quite effective	63.6%	7
Not very effective	9.1%	1
Not at all effective	0.0%	0
Don't know	0.0%	0
answered question		11
skipped question		5

The majority of staff respondents (c91% N=11) felt that the organisation is 'quite or very' effective in how it delivers its services. Common areas for enhancement were identified as:

- Higher delegated limits to CEO and Board;
- Less bureaucracy;
- Replacing CPD with private sector providing procurement support on Ilex's behalf;
- Sponsor Departments having 'light touch' approach;
- Having ability to operate fully as an Arms Length Body; and
- Quicker approval of Business Cases internally and from Sponsoring Departments.

How effectively does Ilex manage its staff?		
Answer Options	Response Percent	Response Count
Very effectively	10.0%	1
Quite effectively	40.0%	4
Not very effectively	40.0%	4
Not at all effectively	10.0%	1
Don't know	0.0%	0
answered question		10
skipped question		6

The majority of responses indicated that the organisation is equally 'quite' and 'not very' effective (c40% for each of these responses) in how it manages its staff. Common areas for enhancement were identified as:

- More emphasis on reporting structures;
- By developing "Team Ilex" as opposed to slipping into a "Silo" situation;
- Temporary staff and secondments improve responsiveness but there is a tendency for over-reliance and extension to periods of secondment create uncertainty; and
- Regular staff meetings.

How effectively does Ilex develop its staff?		
Answer Options	Response Percent	Response Count
Very effectively	18.2%	2
Quite effectively	18.2%	2
Not very effectively	63.6%	7
Not at all effectively	0.0%	0
Don't know	0.0%	0
<i>answered question</i>		11
<i>skipped question</i>		5

Most staff respondents (64%) felt that the organisation is 'not very' effective in how it develops its staff. Common areas for enhancement were identified as:

- Holding staff to account for their responsibilities;
- Management development;
- Enhance promotion opportunities and financial incentive to improve performance; and
- Introduce formal staff development plan.

How effective is the organisational leadership of Ilex?		
Answer Options	Response Percent	Response Count
Very effective	18.2%	2
Quite effective	63.6%	7
Not very effective	18.2%	2
Not at all effective	0.0%	0
Don't know	0.0%	0
<i>answered question</i>		11
<i>skipped question</i>		5

Organisational Leadership

The majority of staff respondents indicated that the organisation's leadership is 'quite' effective (c63%). Common areas for enhancement were identified as:

- Leadership to refocus on core objectives in line with the Regeneration Plan Mark II;
- Communications and Finance not working in silos;
- Better team working;
- Focused executive team meetings dedicated to project work; and
- Executive team more closely aligned with CEO.

Organisation, Directorate, Team

To bring the questionnaire to a conclusion, individuals were asked to comment on the overall success and improvements that could be made at an organisational level, directorate level and team level. A number of common themes were identified, namely:

Organisational

What works well:

- Relationship between Strategy and Regeneration and Development teams;
- CEO outward communication and stakeholder engagement and contacts;
- Board support for Regeneration Plan Mark II;
- Cross directorate communication at levels below the executive team; and
- Graduate placements have been very beneficial and added value.

What could work better:

- Communications and PR-external and internal;
- Executive team collaboration and communication, respect and support of directorate objectives, workload and priorities;
- Better use of existing skills and processes e.g. programme management;
- Overall team spirit and working together;
- Being treated as an arms length body with freedom to single mindedly pursue Ilex objectives;
- A lighter touch by the sponsor departments;
- Better management of reporting to ensure one report suits all rather than current multiplicity of report for the same subject;
- More dedicated resources and less secondees and long term temporary staff; and
- Respect and valuing of permanent staff personally as well as their individual knowledge and expertise.

Directorate*What works well:*

- Collaboration and co-operation between team;
- Varied personalities and skillsets are complementary;
- Working with private sector teams; and
- Programme management has added depth/credibility to the work of the directorate.

What could work better:

- Assistance for directorate with preparation of Business Cases and Economic Appraisals;
- Better and more professional, focussed, proactive and timely support from CPD;
- Time for focus on delivery rather than bureaucracy and multiple reporting; and
- Dedicated administrative support.

Team*What works well:*

- Very strong teams who are results driven and have an excellent work ethic;
- Relationship and support between Strategy and Regeneration and Development directors; and
- Commonality of purpose with CEO.

What could work better:

- Support and assistance from Finance and Communications;
- Communications between directorates, and directorates and CEO;
- Accurate and timely financial information being available from finance directorate to other directorates;
- Commonality of approach to internal business cases and procurement e.g. one rule for all;
- Commonality of dedication to Ilex objectives rather than personal agendas; and
- Proportionate governance, processes and bureaucracy.

APPENDIX E**SUPPORTING BENCHMARKING MATERIAL**

The make up of the Sheffield One Board was as follows³¹:

Name	Organisation	Public/Private	Area of expertise
Sir Peter Middleton GCB - Chair	Barclays/Chief Secretary to the Treasury	Private	Finance and Banking
Sir Hugh Sykes - Deputy Chair	BHH Limited	Private	Business and Manufacturing
Frank Eul	Eul Consulting	Private	Property
Paul Firth	Chief Executive Creativesheffield	Private	Legal
David Walburn	London Development Agency	Public	Skills
Martin Havenhand	National Metals Technology Centre/CEO Yorkshire Forward	Public/Private	Manufacturing and Development
Bob Kerlake	Sheffield City Council	Public	-
Jan Anderson	Yorkshire Forward	Public	Development
Simon Hill	Yorkshire Forward	Public	Business and Development
Cllr Paul Scriven	Sheffield City Council	Public	-
Michael Hayman	Seven Hills	Private	Marketing
Cllr Ray Satur	Sheffield City Council	Public	-
Rob Pearson	Homes and Communities Agency	Public	-

The Creativesheffield Board comprises the following private and public members:

Name	Organisation	Public/Private	Area of expertise
Sir Peter Middleton GCB - Chair	Camelot Group Plc	Private	Finance and Banking
Sir Hugh Sykes	BHH Limited	Private	Business and Manufacturing
Frank Eul	Eul Consulting	Private	Property
Paul Firth	Chief Executive Creativesheffield	Private	Legal
Professor Philip Jones	Hallam University	Public	Further Education
David Walburn	London South Bank University/ London Development Agency	Public	Skills
Martin Havenhand	National Metals Technology Centre/CEO Yorkshire Forward	Public/Private	Manufacturing and Development
Julie Kenny CBE	Pyronix Limited	Private	Manufacturing
John Mothersole	Sheffield City Council	Public	-
Professor Keith Burnett	The University of Sheffield	Public	Innovation
Jan Anderson	Yorkshire Forward	Public	Development
Emma Killilea	Delicious Alchemy Ltd	Private	Manufacturing
Simon Hill	Yorkshire Forward	Public	Business and Development
Cllr Paul Scriven	Sheffield City Council	Public	-
Michael Hayman	Seven Hills	Private	Marketing
Cllr Ray Satur	Sheffield City Council	Public	-
Rob Pearson	Homes and Communities Agency	Public	-

The table overleaf³² sets out the progress on the aforementioned 'Magnificent Seven' projects to be delivered by Sheffield One as part of the City Centre Masterplan (2000):

³¹ Source: Director of Regeneration - Creativesheffield. It was noted that the Board may have changed on various occasions but that this was, in general, the main board for Sheffield One.

³² Source: Sheffield One Evaluation - European Institute of Urban Affairs - Liverpool John Moores University (May 2007); supplemented through consultation with the previous Chief Executive of Sheffield One.

Project Name	Start Date	End Date	Cost/Budget	Details
Heart of the City Project	2001	Ongoing - nearing completion	c.£190m	<p>The key objective of this project is to transform the city's commercial heart through the delivery of a mixed-use scheme focused on a high quality office location within an equally high quality environment. The main elements of the scheme include: high quality public realm - Millennium Square; 322 new residential units with 90 resident car park spaces; 28k sq m office space; a multi-storey car park (520 spaces); a 4/5* hotel incorporating 160 bedrooms, conference and leisure facilities and restaurants; and a range of cafes, restaurants and specialty shops.</p> <p>Phase 1 comprised the upfront public investment in the refurbishment of the Peace Gardens, development of Millennium Galleries and Winter Gardens and the enabling works for the commercial elements - the hotel, the first office building Office 1 - and the residential apartments. Phase 2 includes the private sector investment in Office 2 and the car park and Phase 3 will deliver Office 3. In practice, phases 2 and 3 overlap for servicing and logistical reasons. Phase 1 developments are all complete and 2 and 3 are nearing completion.</p> <p>The key partners for the scheme were: Sheffield City Council, who were both project champion and landowner; CTP/St James/City Lofts, the development partners; Macdonald Hotel, who developed, funded and operated the hotel; Yorkshire Forward, Millennium Commission who supplied the majority of the public environment funding; and Sheffield One, who acted as project leader, project manager - and commercial advisors. While it was always expected that the private sector would supply the majority of the funding (£175.4m), public bodies fulfilled an important pump priming role. Yorkshire Forward (£8.8m) and Millennium Commission (£1.97m) assisted with the costs of demolishing redundant buildings, the purchase of key properties and supplying new open space. Contributions were also secured from SRB (£0.47m) and Sheffield City Council (£0.36m). Overall, the scheme has achieved impressive private sector leverage (i.e. c.1:15).</p>
New retail quarter (NRQ)	2001	Ongoing - to be completed by Dec 2013	c.£450m	<p>The aim of the NRQ project is to re-establish the city centre as a regional shopping destination with an innovative, distinctive scheme. The project includes the building up of the retail core near the Peace Gardens with a comprehensive mixed-use development, anchored by a new John Lewis store. The development would also link together the two discrete existing retail areas of Fargate and the Moor and other key elements in the urban fabric.</p> <p>Sheffield City Council is the project sponsor and owns part of the site. Hammersons UK is the developer and is investing about £460m in the scheme. English Partnership has assisted with costs associated with land and property acquisition, utilities diversions and relocation of a fire station - it has set aside up to £41m for this purpose.</p> <p>The project has been managed by an Executive Team consisting of the main partners Sheffield City Council, Hammersons UK, Sheffield One, South Yorkshire Fire and Rescue Authority (SYFRA) and English Partnerships and delivered by various sub-groups covering the main work streams.</p> <p>Phase 1 will consist of the relocation of the fire station, development of the new John Lewis store, multi-storey car parks and shops on the southern portion of the site. Phase 2 will consist of the development of</p>

APPENDIX E

Project Name	Start Date	End Date	Cost/Budget	Details
				<p>the new curved street, the redevelopment of the former John Lewis store and new shops. Hammersons estimate that the scheme will generate a net increase of 2,340 jobs and up to 800 construction jobs. Phase 1 was expected to start on site in Summer 2008 and open three years later in Summer 2011. Phase 2 will then start and the intention is that the whole scheme will be completed by Christmas 2013.</p> <p>Since Phase 1 of the scheme was not projected to start on site until summer 2008, when the Fire Station was to be demolished. Output attainment has thus far been comparatively modest and confined to land and building acquisitions.</p> <p>Sheffield City Council senior officers felt that the scheme could have progressed quicker if Sheffield City Council and Sheffield One had, at the outset, carried out their own commercial assessment of the scheme and also stipulated that the competition winners should put in place a development agreement within an agreed timescale.</p>
Digital/e-campus	2001	On-going - Phase 1 complete	c.£145m	<p>One of Sheffield One’s most ambitious and transformational projects. Its overriding objective is to create a new business district as a vehicle for strengthening the Creative and Digital Industries (CDI) cluster. The Digital Campus contains up to 51,000 sq.m of high quality office accommodation including a hub managed office facility for small and growing CDI companies. The project is being developed in three phases.</p> <p>Phase 1 consists of a 4,650 sq m hub building - known as Sheffield Digital Centre - which provides space on flexible terms for new and growing companies run by a specialist company supplying facilities management and ICT services, three other buildings of similar size and state of the art telecommunications infrastructure. Phase 2 will provide a 4,500 sq m building and a landscaped pedestrian link between Phase 1 development on the site of the former bus station and the Phase 3 development which will provide a further 25,000 sq.m of office space.</p> <p>Project partners consisted of: Sheffield One, who were the project champion and development/project manager; Sheffield City Council, developer and funding partner; SDG/GMI who were joint developers and funding partners; Yorkshire Forward who were both landowners and funding partners and English Partnerships who were also landowners and funding partners.</p> <p>The project is funded from four main sources. Yorkshire Forward supplied £10.6m for strategic land assembly costs and project development. Objective 1 contributed £8.9m towards the cost of supplying office space and related infrastructure. Sheffield City Council funded the provision of the hub building, related services and networking at a cost of £1.1m. SDG/GMI are injecting £131.8m in order to supply the remaining office space and related infrastructure.</p> <p>The scheme has suffered from slippage for a number of reasons including: Proposals had to be reformulated in 2003; the ending of the dot com boom and therefore over-optimistic initial assumptions about the extent of demand, lack of staff capacity, etc. This has been a complex project which has encountered some uncertainties and delays. It is still too soon to tell what impact the scheme will have and whether key outputs will be delivered.</p>
City Hall /	2001	Nearing	c.£94m	The creation of a lively mixed-use area linking the Devonshire Quarter, Heart of the City, Tudor Square and

Project Name	Start Date	End Date	Cost/Budget	Details
Barkers Pool		completion - Phase 4 on-going - Phases 1-3 complete		<p>the New Retail Quarter. The aim is to transform the public realm around a refurbished City Hall, an important historic and cultural building, and develop vacant/underused sites at Leopold Street and Holly Street/Carver Lane. The redevelopment was designed to attract new office occupiers, residents, new cultural activity and to bring additional spending power to the city. The project has four key elements and has been developed in four phases: Phase 1: refurbishment and modernisation of the City Hall; Phase 2: redevelopment of the public realm surrounding City Hall; Phase 3: redevelopment of Leopold Street and creation of a new public square, Leopold Square; and Phase 4: redevelopment of the Holly Street/Carver Lane site. The principal elements of this project have been completed. Phase 4 is currently on-going.</p> <p>The partners were: Sheffield One for project leadership and overall project management; Sheffield City Council as landowner and lead on the redevelopment of the public realm. Yorkshire Forward for site assembly and funding; The developers Ask Developments and Gleeson Homes for the Leopold Street/Leopold Square element of the scheme: Ask (with Cre8 providing project management) redeveloping the former Sheffield Boy's School/City Council Education offices for commercial/retail use and a new boutique hotel and Gleeson providing new residential units; the developer Wilson Bowden for the office/retail developments in the Holly Street/Carver Lane element of the scheme; and Sheffield International Venues as owner and operator of City Hall.</p> <p>The final cost of the project is estimated to be £93.6m with the private sector contributing £78.5m (83.9%) and the public sector £15.1m (16.1%). The public sector grants are from Yorkshire Forward (c. £5.7m), the European Union Structural Funds Objective One programme (c. £5.4m), Sheffield City Council (c. £2.9m) and the Single Regeneration Budget (c. £1.0m).</p>
Castlegate / Victoria Quays/Markets	2001	Ongoing	c.£68m	<p>Castlegate is the historic site of Sheffield's original castle and one of the most heavily used gateways into the city centre. The Masterplan identified this as an important area in its own right but also as a key link between the city centre, Victoria Quays and Riverside.</p> <p>Sheffield One and Sheffield City Council entered into a development agreement with Carillion plc to develop an urban entertainment centre incorporating a multi-screen cinema to be supplied by Warner Village and other leisure uses. However, the agreement lapsed because insufficient pre-lets materialised. The city council came to the conclusion that it should relocate the market on a new site elsewhere in the city centre rather than redeveloping it in situ or nearby on commercial grounds. An alternative office-led, mixed-use scheme was then hatched with Carillion. The Carillion Square development incorporates: up to 23,220 sq m of flexible office space; leisure retail facilities; a 114 bed Travelodge Hotel; a 400 space car park operated by Q-Park; and a public square. Thus far Carillion has completed Phase 1 of the scheme. Apart from the Carillion Square development, other aspects of the Castlegate vision have yet to materialise. Much is contingent on the relocation of the market, which could not occur until 2009 at the earliest.</p> <p>Sheffield City Council has acted as sponsor and project champion for Castlegate and owns the site of the Carillion development and also operates the market. Carillion has acted as development partner and also contractor and has so far injected about £24m into the scheme. Sheffield One has played a major part in financing Masterplan preparation and significantly contributed to the original Masterplan and the two EDAAW</p>

Project Name	Start Date	End Date	Cost/Budget	Details
				Masterplans. It has also persuaded Yorkshire Forward to supply the funding for preliminary works relating to the Carillion development (£2.7m), helped to procure £5.6m Objective 1 gap funding for the Carillion phase 1 development and paid for a mini-interchange feasibility study. The scheme has also received about £0.2m SRB funding. MACE has acted as project manager as with the other key Masterplan projects and has on Sheffield One's behalf regularly reported progress on the Carillion development to CPMB and Sheffield One Board.
Midland Station/Square	2000	Completed 2007	c£48m	<p>The key goal of the project was to transform the railway station and its surroundings to create a world-class gateway to Sheffield and South Yorkshire. The scheme was designed to supply better passenger facilities and provide sufficient spare capacity to cater for anticipated growth; make better use of site and buildings; improve access; strengthen links with the city centre; provide car parking and improve integration between different transport modes.</p> <p>Project partners included Sheffield City Council (project sponsor, project manager for transport and public realm elements and landowner), Yorkshire Forward (landowner/funder), Sheffield One (project managers for commercial development and development managers for whole project), English Partnerships (landowner/funder), Network Rail (landowner/funder) and South Yorkshire Public Transport Executive (agents for Network Rail). The Project was driven forward and overseen by a Station Steering Group Board comprising South Yorkshire PTE, Network Rail, Midland Mainline, Sheffield City Council and Sheffield One.</p> <p>The project has cost c.£50.5m and comprised the following cocktail: Objective 1: £9.85m on transport infrastructure and public realm improvements and the creation of development plots; Yorkshire Forward: £7.2m on land acquisition; English Partnerships: £0.05m on land acquisition and £0.2m on public realm works; Strategic Rail Authority's Rail Passenger Partnership: £12.8m on station improvements; SRB £1.79m on station and Sheaf Square; LTP: £2.13m on access improvements; DfT: £6.78m on highway improvements; private sector: £7.54m on purchase of the multi-storey car park, other acquisitions.</p> <p>Key outputs include 3,509 sq m of new and refurbished commercial space, 6,323 sq m of improved public realm, 3 ha of land made available for redevelopment and 177 new and safeguarded jobs.</p>
Integrated Transport strategy	2001	Ongoing	c.£43m	<p>The creation of a more manageable, well-integrated public and private transport network which would be more efficient and user friendly and promote investment, to include: changing public transport routes and undertaking interchange improvements, including remodelling of the central interchange and introducing mini and midi interchanges and improvement of other stops; improving access loops and key public highways; improving the railway station and surroundings; improving signage and information by producing a way-finding and mapping strategy for all modes of travel; carrying out public realm enhancements and development of a network of spaces to improve connectivity; and improving car parking by concentrating provision, upgrading and identifying new locations with the net effect of creating 2,000 additional spaces. The majority of public funding for the Integrated Transport Strategy has been provided by LTP (£17.22m), Objective 1 (£6.44m) with relatively minor contributions from SRB6 (£1.66m), and Sheffield City Council (£0.1m). Eventually it is hoped that the private sector will make the major contribution in the form of section 278 contributions to the cost of new interchanges and related improvements.</p> <p>Sheffield City Council has acted as project champion, manager, funder and main delivery organisation while</p>

Project Name	Start Date	End Date	Cost/Budget	Details
				<p>SYPTA has been involved in delivering interchange improvements. While Sheffield One has played a less prominent role than in some of the other key Masterplan projects, the Masterplan and the Objective 1 Integrated Development Programme were critical to securing the Objective 1 funding. The remodelling and reduction in size of the central interchange is complete. Almost all of the public realm schemes have been implemented. Transport facilities in and around the station have been comprehensively improved and the station now provides an impressive gateway into the city centre. A number of highway schemes have been undertaken, the most significant of which is the Northern leg of the Inner Ring Road.</p>

1. Sheffield One - Milestones and Spend

The independent evaluation of Sheffield One (carried out in 2007) highlighted the following summary of the anticipated lifetime outputs for Sheffield One from both Masterplan and non-Masterplan projects, along with the proportion of anticipated lifetime targets achieved by April 2007 (i.e. 7 years following the establishment of the URC):

	Anticipated Lifetime	Total delivered by April 2007	% achieved so far
New Office (m ²)	136,855	17,671	12.9
New Retail (m ²)	81,224	2,520	2.9
New Leisure (m ²)	38,176	19,323	50.6
Refurbished Office(m ²)	2,272	2,042	89.9
Refurbished Retail(m ²)	2,707	2,707	100.0
Refurbished Leisure (m ²)	7,850	7,850	100.0
Employment Floorspace (m ²)	275,084	52,113	18.9
Jobs Created	6,479	675	10.4
Jobs Safeguarded	4,422	492	11.1
Land Brought back in to Use (Ha)	25.40	5.39	21.2
Of which Brownfield	16.83	3.82	22.7
Of which Land Service (Ha)	11.54	1.76	15.3
Land Acquired (Ha)	5.24	4.44	84.7
Public Sector Land Made Available (ha)	8.76	4.09	46.7
Civic Realm (m ²)	38,150	24,812	65.0
Residential Units - Completions	1,321	92	7.0
Buildings Acquired (m ²)	31,394	28,394	90.4
Hotel Bedrooms	517	367	71.0
Car Park Spaces - Public	3,888	958	24.6
Car Park Spaces - Private	1,090	262	24.0

Revenue expenditure incurred by Sheffield One from 2001/02 to 2007/08 was as follows³³:

Year	Revenue Expenditure
2000/01	N/A ³⁴
2001/02	£1.023m
2002/03	N/A
2003/04	£1.132m
2004/05	£1.180m
2005/06	£1.165m
2006/07	£1.107m

In terms of capital expenditure³⁵:

- Sheffield One did not incur capital expenditure - all project expenditure was provided by partner organisations and the private sector;
- At April 2007 (i.e. 7 years following the establishment of the URC), £306 million had been spent on regenerating the city centre via Sheffield One projects;

³³ Source: Creativesheffield

³⁴ Denotes 'not available'

³⁵ Source: Sheffield One Evaluation - European Institute of Urban Affairs - Liverpool John Moores University (May 2007); supplemented through consultation with the previous Chief Executive of Sheffield One.

Project	Outturn at April 2007 (£000)	Anticipated lifetime outturn (£000)
Barkers Poll	47,657	93,578
Castlegate	30,473	67,736
E-Campus	13,949	144,155
Heart of the City	65,291	186,991
NRQ	25,801	449,894
Midland Station	47,357	47,864
Integrated Transport	23,074	42,877
Total masterplan projects	253,602	1,033,095
Other Projects	52,620	140,066
Grand Total	306,222	1,173,161

- Anticipated lifetime outturn for Sheffield One for capital spend is £1.173 billion with 82% of this to come from the private sector;
- The masterplan projects are to deliver £859.5 million private sector leverage. Anticipated private sector leverage across all projects is expected to be £963 million.
- The private sector was well engaged in the regeneration of Sheffield city centre - At April 2007, £142 million of outturn came from the private sector, 46.7% of the total outturn for Sheffield One:

Funder	Outturn at April 2007 (£000)	Anticipated lifetime outturn (£000)
Yorkshire Forward	37,565	46,043
English Partnerships	26,192	46,237
Sheffield City Council	7,366	11,486
Objective 1	29,123	41,221
LTP (SCC)	10,419	12,685
LTP (SYPTTE)	6,762	6,762
SYPTTE	233	287
Millennium Commission	1,970	1,970
Strategic Rail Authority	12,800	12,800
SRB	6,819	6,819
DfT	6,780	6,780
Other	17,288	17,398
Total public sector	163,317	210,488
Private sector	142,905	962,673
Total Funding	306,222	1,173,161

2. Laganside, Belfast

Although funded by central government, Laganside had an independent board consisting of various public and private sector representatives. The most recent available annual report for the organisation (2005/06) provided details on the make up of the Laganside Board:

Name	Organisation	Public/Private	Area of expertise
Mr A S Hopkins CBE (Chairman)	IDB/Deloitte & Touché	Private	Industrial Development/Accountancy
Mr C Bradley	North Belfast Community	Community/Voluntary	Community
Mr J Doran	Belfast Harbour Commission	Public/landowner	Business/Accountancy / Engineering/ Human Resources/
Mr R Adair	Belfast Harbour Commission	Public/landowner	Economics/Strategy/IT
Mr S Douglas MBE	-	-	-
Mr C Kane	BBC	Public	Development/Real Estate
Ms J E Morrice	EC Office/ NI Women's Coalition	Public	Health & Safety/Community

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Name	Organisation	Public/Private	Area of expertise
Ms G McAteer	Upper Springfield Community Trust	Community/Voluntary	Community
Mr G Priestley OBE	Chartered Institute of Marketing Limited	Private	Marketing
Ms A M Slavin	Western Connect Ltd	Private	IT
Cllr R Stoker	Belfast City Council	Public	Council Representation
Cllr I Crozier	Belfast City Council	Public	Council Representation

As highlighted in the table below, Laganside Corporation has been involved in the delivery of many successful high profile projects in its designated area³⁶.

Project Name	Cost	Description
The Lagan Weir	£14m	The aim of the weir was to create an attractive reach of water ensuring a minimum level, which covers the mud flats at every stage of the tide. At a cost of £14 million, which was jointly funded by Laganside Corporation and the European Commission, the Lagan Weir was one of the largest civil engineering projects ever to be undertaken in Northern Ireland at the time. The first major project
Odyssey/Albert Basin	£91m	The Odyssey represents a total initial investment of £91m, mostly funded through Lottery Millennium monies (£45m) and private investment (£16.9m from Sheridan Group) as well as contributions of: £9m from Laganside Corporation (towards site infrastructure, one of the largest stand-alone investments made by the Corporation); £16.9m for the Department of Education; and £2.5m from Sport NI. The complex includes a range of bars, clubs and restaurants as well as a 12 screen cinema, Sheridan IMAX cinema and the landmark 10,000 seat indoor arena. The arena is home to the Belfast Giants, and is also a major concert venue for worldwide acts. The W5 Interactive Discovery Centre with over 100 exhibits and displays, is a popular destination for families and school trips.
Lanyon Place (previously known as Laganbank development)	Various	Lanyon Place is home to the £32m Waterfront Hall, nominated Best Conference Venue in Europe in 2002, the 200 bedroom 5 star Hilton hotel and the prominent BT Regional Headquarters. These landmark buildings are complemented by the Lanyon Quay building, situated on the main piazza area of Lanyon Place, overlooking the river. Lanyon Quay is a mixed-use development combining businesses and hospitality and the Oxford Street facia of the Lanyon Quay building is home to a piece of public art called 'Dreams' by Northern Ireland artist Rita Duffy.
Cathedral Quarter	Various - ongoing	The Cathedral Quarter is a distinctive site within Laganside. Central to this area is St Anne's Cathedral. Cathedral Quarter is a home for the arts as well as cafes, bars and quality restaurants. During 2003/4 streetscape work was carried out which involved the relaying of traditional cobble surfaces, the widening of existing pavements and extensive use of Caithness stone which has made the area more attractive. Public art was a dominant feature of the streetscape enhancement process. Cotton Court, one of Laganside's three Managed Workspaces within Cathedral Quarter, provides accommodation to a range of arts, craft and community groups.
Donegall Quay and the Quays	Various - ongoing	Laganside's development of the city's Quays is to link the city centre with the east bank of the river, home to the Odyssey Complex and Titanic Quarter. The development of individual Quays, linked by distinctive boulevards that follow the banks of the river, was a pivotal part of the Laganside Masterplan to encourage people back to the river and make the river a 'people-place' and a visitor destination. Occupying the space beside the Lagan Weir, this area was derelict, but is now the site of one of Northern Ireland's tallest building projects & is valued at c.£50 million. The Corporation has also met its commitments in terms of achieving a mix of housing tenure, with social housing installed at sites such as Gasworks and Mays Meadow and further units planned for Nelson Street and Pottinger's Quay. Rationalisation of the existing road network will open the area up to waterfront development with plazas, public realm and riverside pathways. There will also be new offices and apartments.
Custom House Square	£4m	Officially launched on 17th May 2005, Custom House Square is Belfast's premier outdoor event space. At an investment of £4 million the square has been transformed, incorporating the history of the area as well as new features animating the space. Features such as 'The Speaker', a bronze life sized statue and 'The Hecklers', large copper based lights along the edge of the square, reflect the original use of the square as 'Speakers' Corner'. The Calder Fountain, Belfast's first and oldest drinking fountain for horses, has been restored and now sits close to its original location beside the Custom House. The Square is further enhanced with new lighting, a water feature that traces the course of the River Farset and a children's play area.
Queen's	Various	Queen's Quay comprises three sites, two of which are enhanced by the removal of the Station Street flyover. Within the context of de-

³⁶ Sources: Laganside Corporation Regeneration Statement, Laganside Corporation website and consultation with former Chief Executive.

Project Name	Cost	Description
Quay/Bridge End		designation, arrangements are to be made for the completion of infrastructure works by other agencies whilst any development agreement will be between the Department for Social Development and developers. Development at Queen's Quay is in the longer term to be the catalyst for further development from the waterfront back to the Lower Newtownards road thus reconnecting inner east Belfast with the waterfront and city centre.
Gasworks	Various	This site, owned and managed by Belfast City Council, is now established as one of the most vibrant and desirable economic hubs within Belfast, attracting both national and international companies. A well established landmark on the site is the Halifax Direct Internet Banking building, a national call centre employing just under 2000 people. Elsewhere on the site, the 132 bedroom £14m Radisson SAS Hotel opened in September 2004 and there are many other prestigious residents within the site. The emphasis for the Gasworks was not simply on commercial lettings since it is also home to a social housing scheme which includes sheltered accommodation for the Chinese community. Successful combination of new builds with the existing built heritage, are exemplified by the restored Clock Tower.
Mays Meadow	£20m	This site is home to PricewaterhouseCoopers headquarters. It also incorporates riverside apartments. The extension of the riverside boulevard along and through Mays Meadow means that these linkages allow pedestrians access along the riverfront from Clarendon Dock, through Mays Meadow into Maysfield and along the river past the Gasworks to Stranmillis. Television news broadcasts have used the stretch of riverfront along Lanyon Place and Mays Meadow as a backdrop portraying the image of 'New Belfast'.
Greater Clarendon	Various	Clarendon Dock was the first completed site within the Laganside portfolio and has achieved its objective of creating a high quality environment for office and residential units. The site houses 45 apartments as well as being home to top national and international companies and high quality office accommodation. Barrow Square within Clarendon has gained the reputation as a vibrant entertainment venue and during the summer months it hosts outdoor music festivals.
Ravenhill Reach	Various	Major Housing and office developments at the Ravenhill Reach side of the River.
Abercorn Centre	£8m	73,000 sq ft of office space completed by Laganside Corporation in 1992.
Design Centre	-	40,000 sq ft of office space completed by Laganside Corporation in 1991.

For the period 1989/90 - 2005/06, the table overleaf provides a summary of the following key areas³⁷:

- Key milestones achieved;
- Capital spend;
- Revenue spend;
- Non-Laganside investment ('within Laganside' and 'on the fringe' of Laganside);
- Employment - Permanent Jobs; and
- Completed Development (Office Space, Retail Space, Leisure space and Housing units).

³⁷ All information within the aforementioned table is based on information provided within Annual Reports provided by Laganside Corporation for the period 1989/90 - 2005/06.

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Year	Key Milestones Achieved	Capital Spend by Laganside ³⁸	Revenue Spend by Laganside ³⁹	Non-Laganside investment (cumulative)		Employment to date (Permanent Jobs - cumulative)	Completed Development (cumulative)			
				Within Laganside	On Fringe		Office Space m ²	Retail Space m ²	Leisure m ²	Housing units
1989/90	Laganside Corporation established	£0.5m	£0.5m	N/A ⁴⁰	N/A	N/A	N/A	N/A	N/A	N/A
1990/91	Site agreed for Waterfront Hall; Work began on Lagan Weir Project; First completed sections of walkways at Bridge End; Masterplan developed for Clarendon Dock; Investment in Land at Ravenhill Reach.	£0.6m	£0.8m	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1991/92	£4.6m spent on Lagan Weir project (50% of construction near complete); £1.5m spent on walkway construction at Bridge End; Phase one of Abercorn Centre nearing completion; Site clearance works at Gasworks; Completion and opening on the Design Centre and Quayside House.	£0.8m	£1.1m	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1992/93	Major predevelopment site works at Laganbank (now Lanyon Place); Signing of development agreement with Laganbank company; Walkways between Queen's Bridge and Albert Bridger opened to public; nearing completion of site clearance works at Gasworks; Site clearance works at Ravenhill Reach; Abercorn Centre completed; Acquisition of Mays Meadow site.	£1.9m	£1.1m	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1993/94	Completion of Water's Edge building at Clarendon dock; Construction of housing development at Ravenhill Reach.	£8.7m	£1.3m	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1994/95	Completion of £14m Lagan Weir Project; Announcement of development plans for Lanyon Place by Hilton and BT following negotiations.	£6.7m	£1.3m	£38m	N/A	N/A	N/A	N/A	N/A	N/A
1995/96	Completed £20m development agreement for Mays Meadow site; New Quay walls built at May Meadows; Completion of Hamilton Ship building Barrow Square; Construction work began on Lagan Holdings building; Continued site works at Gasworks;	£8.1m	£1.4m	£60m	£42m	1,075	16,070	520	1,050	108
1996/97	Completion and opening of the £32m Waterfront Hall; Appointment of Community Officer to team; Construction to Hilton hotel and BT Tower began; completion of detoxification of Gasworks site; extension of boundary to incorporate North-side area (now named the 'Cathedral Quarter').	£6.8m	£1.6m	£96m	£45m	1,495	24,070	520	4,050	140
1997/98	Detailed strategy developed for the Cathedral Quarter; Riverside walkways under construction;	£6.6m	£2m	£96m	£45m	N/A	N/A	N/A	N/A	N/A
1998/99	Hilton Hotel officially opened; BT Tower finished and occupied; £7m investment in basic infrastructure for the Odyssey project;	£17.7m	£2.2m	£219m	£52m	3,866	59,350	9,375	4,050	331

³⁸ Includes spend on infrastructure and community projects. Excludes depreciation and provision for development assets

³⁹ Includes operating costs, staff and estate costs

⁴⁰ Denotes 'Not Available'

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Year	Key Milestones Achieved	Capital Spend by Lagside ³⁸	Revenue Spend by Lagside ³⁹	Non-Lagside investment (cumulative)		Employment to date (Permanent Jobs - cumulative)	Completed Development (cumulative)			
				Within Lagside	On Fringe		Office Space m ²	Retail Space m ²	Leisure m ²	Housing units
	Landscaping finished at Gasworks and construction of new buildings; Completion of Abbey National call centre at Mays Meadow; Completion of residential units at Clarendon dock.									
1999/00	Work began on Cathedral Quarter; Fishing stands constructed at Stranmillis; Riverside pathways completed at Ravenhill Reach and Maysfield to Ormeau Bridge.	£3.3m	£2.2m	£219m	£52m	N/A	N/A	N/A	N/A	N/A
2000/01	Leverage of 1:5 achieved; Completion and opening of £91m Odyssey project; Halifax building completed at Gasworks; Street-scaping at Ann Street, May Street and Victoria Street; Landscaping at Queen's Bridge; Completion of No.9 Lanyon Place Office Space; Beginning construction of PWC building; Completion of Eastbank regeneration strategy; OECD describes Lagside as one of the best examples of urban regeneration in Europe.	£3.7m	£2.5m	£404m	£100m	7,630	109,740	30,495	439	
2001/02	All development sites moving towards completion; Support provided to Belfast GEMS ⁴¹ initiative; Asked by OECD to contribute to international conferences; Award for Best Practice in Regeneration by British Urban Design Association for Waterfront Hall; Gasworks opened to the Public; Major landscaping at Cathedral Quarter and beginning of streetscape programme; Completion of multi-storey car park at Lanyon Place; Restoration and landscaping at Clarendon Dock; Completion of Northern Bank building;	£2.9m	£2.8m	£484m	£110m	9,918	149,025	40,945	499	
2002/03	Appointment of developer for Donegall Quay; Development of £25m Quays water development scheme; Works began on Custom House Square; Last phase of public realm work at Lanyon Place completed; Refurbishment of Lagan look-out, the walkway and weir; Cotton Court and Shah Din buildings restored/completed; Works began on the £14m Radisson SAS Hotel, and restoration of Meter House building.	£2.6m	£3.1m	£521m	£118m	11,240	170,640	51,090	609	
2003/04	Granting of planning permission for the £25m Quays water development scheme; Works continued at Custom House Square; Odyssey complex awarded top UK property award for 'the Best UK Leisure Regeneration Project'; Completion of Lanyon Quay Building; Plot 1 completed at Gasworks and work on-going at Meter House and Klondyke buildings;	£5.4m	£3.3m	£540m	£130m	12,126	180,425	65,070	696	
2004/05	Opening on the £14m Radisson SAS Hotel; 125 apartments	£5.9m	£3m	£733m	£130m	13,300	203,000	80,425	741	

⁴¹ Gasworks Employment Matching Services (GEMS)

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Year	Key Milestones Achieved	Capital Spend by Laganside ³⁸	Revenue Spend by Laganside ³⁹	Non-Laganside investment (cumulative)		Employment to date (Permanent Jobs - cumulative)	Completed Development (cumulative)			
				Within Laganside	On Fringe		Office Space m ²	Retail Space m ²	Leisure m ²	Housing units
	proposed for Donegall Quay; Potthouse completed in Cathedral Quarter; Developers appointed for Four Corners building; Plans announced for Obel development at Donegall Quay; Development agreement signed for Talbot Street; Launching of Cathedral Quarter Building Enhancement Grant Scheme;									
2005/06	Completion of £4m Custom House Square Development; Belfast selected as host venue for CABERNET conference on urban regeneration; Plans for development of East Bank at advanced stage; Plans announced for 'the Boat' project and 'the Can' building; work commenced on Obel building at Donegall Quay; Announcement by DCAL of plans to build a new arts centre near St. Anne's Cathedral; Announcement of proposed development of St. Anne's Square; DSD announced selection of East Quarter as next area for retail-led generation.	£2.1m	£5.5m	£795m	£130m	14,200	213,000	83,000	741	
Total		£84.3m	£35.7m							

Comparative to Ilex's development, key achievements/activity at year 5 and year 7 were:

Year	Key Milestones Achieved	Cumulative Capital Spend by Laganside	Cumulative Revenue Spend by Laganside	Non-Laganside investment (cumulative)		Employment to date (Permanent Jobs - cumulative)	Completed Development (cumulative)			
				Within Laganside	On Fringe		Office Space m ²	Retail Space m ²	Leisure m ²	Housing units
Year 5	(1994/95)	£19.2m	£6.1m	£38m	N/A	N/A	N/A	N/A	N/A	N/A
Year 7	(1994/95)	£34.1m	£9.1m	£96m	£45m	1,495	24,070	520	4,050	140

3. Newry

Key Economic Development Agents in the Newry and Mourne District Council include:

Organisation	Brief Description
Newry and Mourne District Council	<ul style="list-style-type: none"> - The provision of Urban Regeneration, Economic Development and Tourism Services within the Council comes under the remit of the 'Enterprise Development Unit' (EDU), which is one of the three sections of the District Development Department. - The powers to promote local economic development were given to local Councils in the early 1990s. Councils have a key enabling function for economic development within their region. - The Council developed an Economic Action Plan (2001-2007) and Strategic Framework (2003) for the Newry area in order to facilitate urban regeneration and economic development within the region. For details of the Economic Action Plan and Strategic Framework, see Paras 4.4.2 and 4.4.3. - In particular, the Council has a key role in the delivery of public realm/environmental improvement schemes.
Newry Chamber of Commerce & Trade	<ul style="list-style-type: none"> - The Chamber is an independent organisation made up of an extensive sector of the local business community, representing in excess of 250 local businesses of varying sizes from all sectors of the business community.
Newry City Centre Management Partnership	<ul style="list-style-type: none"> - Newry City Centre Management Partnership was established in 1998. The board of Newry City Centre Management is independent and comprises of representatives from both the public (mainly the local Council) and private sectors within the community. - The Board is chaired by a leading private sector representative from the City, and comprises c.44% private sector representation and c.56% public. - The Partnership helped develop the 'Think Big' initiative, which aims to encourage the public, investors, landowners and other public and private bodies to be visionary in their thinking when considering the future development of Newry.
Newry & Mourne Enterprise Agency	<ul style="list-style-type: none"> - The Enterprise Agency, established in 1983, was one of the first in Northern Ireland and has the main objective of promoting jobs and creating wealth in the Newry & Mourne area. - The Council has an elected member on the Board of the Agency.
Enterprise Newry Limited	<ul style="list-style-type: none"> - Enterprise Newry Limited, comprising local business and community leaders, was formed in 1990 to encourage the economic regeneration of Newry by promoting investment, and an environment for creating additional employment opportunities in the Newry area. - Enterprise Newry Limited was funded directly by NMDC but is no longer in existence.
East Border Region Committee	<ul style="list-style-type: none"> - EBRC was established in 1976 to promote innovative, cross border economic development in the areas of agriculture, Industry, Commerce and Tourism and to improve the living conditions and employment prospects of those living in the region.
Newry & Mourne Local Strategy Partnership (LSP)	<ul style="list-style-type: none"> - Newry and Mourne Local Strategy Partnership (NMLSP) was established as a Company Limited by Guarantee with responsibility for delivering Priority 3 of the EU Programme for Peace and Reconciliation 2000-2006 (Peace II Programme) in the Newry and Mourne area.
Department of Social Development	<ul style="list-style-type: none"> - Through its Southern Regional Office, the DSD provides regeneration support and assistance to a host of local statutory bodies and organisations in the Newry area. Currently their support is very much focused on delivering a range of public realm works (Environmental Improvement Schemes) across the region.

In terms of the development of structures for the urban regeneration and economic development of the City, the Council has noted the following key points:

- **The development of the Newry-Dundalk Twin City vision** - structures are evolving as senior management teams in NMDC and Louth County Council have been meeting to form a joint senior management team. Senior public and private sector representatives have completed a professional development programme run by the International Centre for Local and Regional Development (ICLRD) (pilot executive training programme in local and regional development);
- **The development of the Greater Newry Vision coalition** - the vision was initiated by the Newry Chamber of Commerce and involves a coalition/local partnership of District Council members and officers, the private, voluntary and community sectors sector. This integrated vision seeks to promote the 'Greater Newry Area' as a region which includes a vibrant city centre core within a much wider catchment area comprising a family of communities who live in the city and in the towns, villages and open countryside in the surrounding area and is consistent with the Newry Dundalk Twin City initiative;
- **Strategic Masterplan** - the Council is now engaged in the development of a new Strategic Development Framework Masterplan for Newry City, which is being funded by DSD. This masterplan has been developed based on the Strategic Framework for Newry City carried out in 2003 (see Para 4.4.3 for further detail).

Strategic Framework for Newry City

In May 2003, Newry and Mourne District Council secured funding from the Department of Social Development under the Priority 2 Measure 11 (Area Based Regeneration) of the Peace II Programme to produce a Strategic Framework Document for Newry City. The consultation process identified the strengths and weaknesses in Newry City Centre, and opportunities to build on these strengths to make the city a more vibrant place to live, work and visit. The aim of the document included: to make realistic proposals for the area that would assist in their continued physical, economic and social regeneration. The framework identified the following key themes for the development of the City:

- Rediscovering the Waterside City;
- Creating an Accessible City;
- Transforming the urban environment; and
- Retaining a vibrant city centre.

The strategic framework documented potential regeneration sites/projects for the Newry City area, including:

- Sugarhouse Quay - ongoing;
- Coal Yard - The Quay's Development Site (see Para 4.4.4 below);
- Lower Canal Street - Active business area;
- Merchants Quay - Active business area - ongoing;
- Corry's Square/Lower Catherine street - Redevelopment of vacant property - ongoing;
- Cornmarket to Monaghan Street - Active business area - ongoing;
- Central Canalside redevelopment Zone - major bus terminal - ongoing;
- St Marys Street - Active business area - minor road improvements - Active business - ongoing;
- Water Street/Lower Water Street - ongoing;
- Abbey Playing Fields - Ongoing - school has vacated;
- Health Centre - Health Village area - ongoing;
- River Street - Small public space area created - ongoing;
- Jennings Park - Part of consultation process for leisure facility; and
- Railway Avenue - Car park area - potential office accommodation - ongoing.

Consultation with NMDC found that the development of the 2003 Strategic Development Framework was the first attempt at the development of a masterplan for Newry City and that work on most of the proposed development sites has not started or is ongoing.

Significant achievements/Regeneration progress*Regeneration projects in Newry*

Economic growth of Newry in the past decade has been significant. In 2003, unemployment levels fell to under 3.6%, down from as high as 25% in the early 1990s. A substantial amount of urban regeneration has been undertaken in the city. Regeneration progress/significant achievements within Newry City includes:

Project Name	Start Date	End Date	Cost/Budget	Details
The Quays/Sainsbury's Development	1997	Ongoing	c.£100m to date	<ul style="list-style-type: none"> - Developed by Newry born businessman, Gerard O'Hare, Chief Executive of Carnbane House, in a joint-venture with the Sainsbury Group. The Sainsbury's store, the first phase of the development was opened in October 1999. The Quays integrates a blend of leisure and shopping facilities. The complex houses the c.60,000 sq ft Sainsbury's supermarket, the first Roches department store to open in Northern Ireland, a ten screen Omniplex cinema, restaurants, cafes, top brand retail multiples and a number of independent retailers. - Phase two: included the acquisition of adjacent land which was developed to hold a 10,000 sq ft retail park with combined office space. This was a 9 month project and was opened in 2002. Phase three: refurbishment of Drumalane Mill which was completed simultaneously with Phase Four in 2004. - Phase four: demolition and construction of the site which Roches Stores previously located. Parker Green International⁴² demolished the £7.5 million store to make way for an 85,000 sq ft. two level store as well as refurbishing the existing facilities along the mall. Phase four was completed 2004 with footfall numbers increasing during the construction period. Phase 5 and Phase 6 are in planning stages, with development to the retail units and a stand alone 7 story office tower approved through planning. Due to the recent downturn both North and south of the border, the pre let figure has increased to 50% before funding can be confirmed to complete both Phase five and Phase six. - Cost includes that of Drumalane Mill (retail and office accommodation).
Buttercrane shopping Centre	1988	2003	c.£10m	<ul style="list-style-type: none"> - Developed through six phases from 1988. Originally the centre provided some 159,000 sq ft of retail space and 37 tenants. This has been extended a number of times since then, with the first extension adding an additional 20 units and opening in November 1997. Phase 3 of Buttercrane was completed in April 2001 with the opening of the centre's third anchor store - Primark; occupying a 27,000 sq. ft purpose built unit. Phase 4 included development of a multi-storey car park for 600 cars and relocation of the management suite. - In 2003, Buttercrane had a £2m redevelopment. The Buttercrane Shopping Centre now offers 250,000 sq f (23,22 sq m) of retail accommodation.

⁴² Part of the Gerard O'Hare Group of Companies

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Project Name	Start Date	End Date	Cost/Budget	Details
Regional Leisure Village	2005	ongoing	£21m	<ul style="list-style-type: none"> - Development of a new Regional Leisure Village (to include a major Leisure Centre) for the Newry and Mourne Area. - NMDC have stated that a site has been agreed for the development. - The Council is to fund this project through the realisation of assets.
Regeneration of the Albert Basin	2005	ongoing	unknown	<ul style="list-style-type: none"> - Comprehensive development of the Albert Basin as a flagship urban regeneration project. - The 15 acre site, which is currently owned by Newry & Mourne district, occupies a pivotal location in Newry city centre. - The project is to be funded through public and private sector investment. - The regeneration of this site is to establish Newry city as one of Ireland's gateway and destination centres, exhibiting architecture landmark buildings and prime commercial and residential units.
Bagenals Castle	2005	2007	£2.4m	<ul style="list-style-type: none"> - Following an extensive restoration of the site, completed in early 2007, the redevelopment of the overall site has resulted in a visitor attraction and interpretative centre based on the discoveries made during the restoration work. - The project was funded by NMDC, the Heritage Lottery Fund and NITB.
Canal Street & Sugar Island, Newry Environmental Improvement Scheme	2002	2007	£650k	<ul style="list-style-type: none"> - Through its Enterprise Development Section, Newry and Mourne District Council is driving forward this Environmental Improvement Scheme. Funding has been sought from a range of funders, including, DSD, Local Strategy Partnership, Interreg, Ulster Wildlife Trust, South Down Fishery Taskforce, along with Council's own capital funding in order to undertake a range of works.
WIN Business Park	-	2004	c.£10m	<ul style="list-style-type: none"> - Major expansion of facilities at the WIN Business Park - which is the base for some 72 companies and the Newry and Mourne Co-operative and Enterprise Agency.

The Council also highlighted a number of 'soft' infrastructure initiatives that have been key to the development of Newry City, including:

- **The 'Bid for City' status** - Resulted in Newry being awarded City status in 2002. The bid process was led by both public and private sector representatives and strengthened the already effective public-private sector working relationship within the region; and
- **The Newry and Mourne Euro Initiative** - Managed by the Council in partnership with the private sector to promote Newry as a Euro friendly zone (e.g. euro cash machines and shops accepting euro currency). This initiative helped to facilitate cross border trade and capitalise on the City's position as a regional hub on the Eastern Seaboard Corridor.

NMDC also noted that, despite the affects that the recession is having on the local economy, three major planning applications for major urban regeneration/development projects within Newry City are currently with the Planning Service. The Council stated that this activity shows the continued interest of the private sector in Newry (despite the recession).

4. DCC & NWDO

Comparative regeneration remit

Derry City Council

Economic Development is a section within Council's Development Department and has responsibility for supporting enterprise, attracting inward investment, developing tourism and enabling economic regeneration in the region. The Council's Economic Development section initiates and manages a number of discreet programmes and projects to promote business growth and development across several sectors. The Economic Development section also provides information and guidance relevant to business including start ups through to major corporations. Key regeneration achievements/activities that the DCC Development Unit (and Economic Development Section) has lead/been directly involved in over the last seven years follows in the succeeding paragraphs.

North West Development Office

North West Development Office (NWDO) within DSD, also plays a role in driving forward the urban regeneration and development of Derry/Londonderry and the North West. The organisation's key areas of work include:

- Strategic physical, economic and social development of the city;
- Individual and Community well-being; and
- Implementation of the department's Urban Regeneration and Community Development policies and programmes.

Key areas of responsibility include:

- Urban Development Grants - which aim to encourage private sector property development;
- Comprehensive Development Schemes - which aim to promote the regeneration of certain areas; and
- Management of the European Funding stream "Peace II" in Derry-Londonderry.

The NWDO also assumes urban regeneration responsibilities for Derry-Londonderry and the neighbouring towns of Strabane and Limavady. Key regeneration achievements/activities that NWDO has lead/been directly involved in over the last seven years follows in the succeeding paragraphs.

Significant achievements/Regeneration progress

DCC

Key regeneration achievements/activities that DCC has lead/been directly involved in over the last seven years includes:

Project/Scheme	Brief Description	DCC Funding Provided	Total Investment in Project	Completion Date
Shop Front Scheme	Designed at improving the visual appearance and character of key streetscapes within the commercial core of the Historic Walled City, through a dedicated shop front enhancement initiative providing grant aid to local businesses.			2003/04
Old City Fire Station	The property is a Grade B2 listed building located on the edge of the City Centre and has recently undergone extensive restoration and renovation works, which has also included the addition of a two-storey building extending along to Fountain Street. The regeneration of this prime building is almost completed and provides 2,750 sq ft of high quality office accommodation equipped with modern amenities/specifications including telecommunications infrastructure, air conditioning and full disabled access throughout including the provision of an elevator.	£450,000	£900,000 EU Building Sustainable Prosperity	
Walled City Partnership	The Walled City Partnership Ltd is presently implementing the Walled City Townscape Heritage Initiative (THI), an economic regeneration programme focused on repairing and bringing back into full use historic buildings which contribute to the intrinsic townscape character of Derry. The Partnership is cored funded by DCC	£250,000	£1,000,000 Heritage Lottery grant which will generate £4.9m , of which £2.5m form private sector £1,600,000 Heritage Lottery Fund which should generate £4.3m into the area	2008 2014
Oakland Park	Provision of 39 social housing units, community facility, soccer pitch and multi-functional play park	Land transfer	£5.1m	2008?
Environmental Improvement Scheme	Painting Scheme of premises in two of the main arterial routes through the city centre	£30,000	£30,000	2010
Ballynagard	Proposed development of houses, community facility and playing fields at Ballynagard (not yet confirmed)	£1,000,000	£1m NIHE	Ongoing
Glen/Cedar Park	Proposed community facility in conjunction with housing (not yet confirmed)	£1m	£1m NIHE	Ongoing
Western Perspective	The Western Perspective regeneration project is a public realm scheme which will transform a major tract of open green space as an inclusive shared and safe useable space for all sections of the community and visitors alike.	£60,000	£950,000 SEUPB (pending)	2012/13
Environmental Improvement Scheme	Painting Scheme of premises in two of the main arterial routes through the city centre	£20,000	£20,000	2010

NWDO

Key regeneration achievements/activities that NWDO has lead/been directly involved in over the last five years includes:

Scheme	Description	DSD Funding Provided	Total Investment in Project	Site acquisition/ cost to Department	Receipt from sale of land	Completion Date
The Star Factory	Refurbishment, extension and re-use of a listed, former shirt factory building at Foyle Road, Londonderry.	£685k	£2.3m	-	-	Sept 2005
ASDA	NWDO assembled land parcels to facilitate building of new ASDA store.		£15m	£500k	£608k	Mar 2006
Strabane Arts & Cultural Centre	Arts and conference centre. Funding for this project was provided by the North West Development Office through the Executive Programme Fund and Integrated Development Fund.	£725k	£3.4m	-	-	Dec 06
Fountain House	Redevelopment of a gap site construction of a four storey building with basement providing two retail units and office units.	£335k	£1.1m	-	-	Jan 2007
Steelstown Gaelic Club	New Clubhouse and changing rooms.	£200k	£409k	-	-	Mar 2007
Artillery Chambers	Refurbishment of this strategically important Victorian building dating from 1870.	£250k	£1.4m	-	-	Sept 2007
St Columb's Park 3 RD Generation Pitch	In conjunction with DCC, NWDO provided funding for the first pitch of this type in the Waterside.	£500k	£630k	-	-	Dec 2007
Newmarket Street Public Realm Scheme	Scheme creating a vibrant high quality public space in one of the busiest locations in the city centre.	£1.4m	£1.4m	-	-	Oct 2008
Feeny (Co Derry) Main Street Regeneration	Regeneration project providing 11,000 sq ft including 4 workspace units, 3 retail units and residential apartments.	£370k	£1m	-	-	Feb 2009
Pennyburn Credit Union	Development of unused land on a prominent site within the Outer West Neighbourhood Area providing a new financial service for the community.	£217k	£1.2m	-	-	April 2009
Former Clooney Military Base	The Department acquired the base and associated playing fields in 2005 (approx 50 acres). Regeneration masterplan was launched October 2006. Disposal of former Military Base to Foyle and Londonderry College, effecting delivery of the central element of the masterplan December 2009.	-	-	£12.8m	Part sale £14.5m	Dec 2009
Clooney Greenway	Scheme brought to design stage, ready for public consultation and submission of planning application September 2010.					
Victoria Road Public Realm	Major public realm scheme along main arterial route into city. Commenced Oct 09 completed Feb 2010.	£420k	£420k	-	-	Feb 2010
Northern Counties	Refurbishment of a listed building including reinstatement of original shop fronts, rearrangement of the ground floor retail units and offices and also a new third floor office to the rear of the building.	£600k	£2.1m	-	-	Mar 2010
Waterside Health Centre	Land assembly, marketing site and part funding through UDG state of the art Primary Health Care Centre and environmental improvement scheme.	£195k	£6m	-	-	Mar 2010
Derry City Centre Public Realm	£8 million project creating a series of high quality public spaces and streetscapes running from Waterloo Place through Guildhall Square.	£8m	£8m	-	-	Aug 2010
Fort George	Site acquired by DSD and passed to Ilex for redevelopment.	-	-	£12m	-	2003

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Scheme	Description	DSD Funding Provided	Total Investment in Project	Site acquisition/ cost to Department	Receipt from sale of land	Completion Date
Former Clondermot High School	The Department acquired the 12 acre site at a cost of £3.2m. in Mar 2009. Conceptual Master Plan produced. First phase development of site including construction of access road due to begin on site October 2010.	-	-	£3.2m	June 2010 Dept. received £75k from the sale of 0.5 acre to WDT.	-
Strabane Master Plan	Masterplan exercise for Strabane Town Centre. Consultant appointed January 2009. Master Plan complete, scheduled for launch September 2010.	-	£53k	£53k	-	September 2010
Limavady Masterplan	Masterplan exercise for Limavady Town Centre. Consultant appointed May 2010. Master Plan due January 2011.	-	£50k	£50k	-	Jan 2011

APPENDIX F**DELIVERY MODELS****1. Introduction**

The succeeding paragraphs provide an introduction to:

- Urban Regeneration Companies (URCs);
- Economic Development Companies (EDCs); and
- Urban Development Corporations (UDCs).

The paper then provides a summary comparison of the three types of organisations, and highlights the benefits of EDCs⁴³.

2. Urban Regeneration Companies (URCs)

Urban Regeneration Companies (URCs) have been promoted by the government and established by local partners, in order to achieve a focused, integrated regeneration strategy for key towns and cities. The rationale is that URCs will provide a coherent single vision for the future of their entire area and then co-ordinate its implementation.

URCs are companies, limited by guarantee, established as separate private legal entities. They seek to achieve a radical physical transformation of their areas through implementation of their shared vision in a way that could not be achieved through individual ad hoc decisions.

URCs are experts in their local areas, and the local authority, local employers, amenity groups and community representatives typically play an important part, with the regional context represented by the Regional Development Agencies (RDAs) and, in the UK mainland (the national dimension by the Homes and Communities Agency). They seek to co-ordinate investment plans from both the public and the private sectors, and attract new investment through the purposeful and imaginative promotion and regeneration of their areas.

The first URCs

The first URC, Liverpool Vision, was established by English Partnerships (now part of the Homes and Communities Agency) together with Liverpool City Council and the North West Development Agency in early 1999, allowing it to be launched immediately after the publication of Lord Rogers' Urban Task Force Report, which enthusiastically endorsed the URC concept. A total of three URCs were set up during the years 1999 and 2000:

- Liverpool Vision;
- New East Manchester; and
- Sheffield One.

Current situation in UK

There are now 18 URCs established in England, one in Wales and one in Northern Ireland. Additional URCs have been created in the West of Scotland. The Homes and Communities Agency has Board representation in:

⁴³ As informed by Department for Communities and Local Government - "The Role of City Development Companies in English Cities and City-Regions" (December 2006)

• Urban Regeneration Companies - England	
<ul style="list-style-type: none"> • 1st East • Bradford Centre Regeneration • Central Salford • CPR Regeneration • Derby Cityscape • Gloucester Heritage • New East Manchester • North Northants Development Company • Opportunity Peterborough 	<ul style="list-style-type: none"> • ReBlackpool • Regenco (Sandwell) • Renaissance Southend • Sunderland arc • Tees Valley Regeneration • The New Swindon Company • Walsall Regeneration Company • West Lakes Renaissance • Wolverhampton Development Company

Looking ahead

In addition to the existing URC model, the UK Government announced its intention in 2007 to promote the concept of City Development Companies (CDCs), which was later rebranded as Economic Development Companies (EDCs).

3. Economic Development Companies (EDCs)

Economic Development Companies (EDCs) are organisations established by individual or groups of local authorities, the relevant Regional Development Agency, and (when appropriate) English Partnerships, with the intention of creating a specialist body which can better deliver local economic development on behalf of the local authority/ies and partners.

In line with the Sub National Review of Economic Development and Regeneration, which supported the establishment of EDCs, the primary role of an EDC is to lead on driving forward aspects of an areas economic performance. EDCs will help deliver a co-ordinated approach to an areas economic development, working closely with the private sector and key public-sector partners. Its scale and ambitions should reflect an understanding of the economic footprint of the area and the opportunities and offer the area can deliver.

EDCs build on many of the characteristics of URCs, but are tasked with responsibility for a wider agenda in driving economic growth across cities. This could involve greater geographical coverage, a broader range of functions, increased profile, and leverage over greater budgets.

Six City/Economic Development Companies (CDC/EDCs) (which were previously URCs) now operate in mainland UK:

- 1NG Newcastle Gateshead;
- Creative Sheffield - formerly Sheffield One;
- Hull Forward - formerly Hull Citybuild;
- Liverpool Vision;
- Plymouth Development Company; and
- Prospect Leicestershire.

4. Urban Development Corporations

Urban Development Corporations (UDCs) are non-departmental public bodies which were established under the Local Government, Planning and Land Act 1980. They are limited life bodies tasked with a broad remit to secure the regeneration of their designated areas⁴⁴.

UDCs objectives and powers include:

⁴⁴ Source: UK Homes and Communities Agency

- Bringing land and buildings into effective use;
- Encouraging the development of existing and new industry and commerce;
- Creating an attractive environment; and
- Ensuring that housing and social facilities are available to encourage people to live and work in the area.

For these purposes, a UDC can:

- Acquire, hold, manage, reclaim and dispose of land and other property (including CPO powers)
- Carry out building and other operations;
- Seek to ensure the provision of water, electricity, gas sewerage and other services;
- Carry on any business or undertaking for the purposes of regenerating its area; and
- Generally do anything necessary or expedient for this purpose.

UDCs have been invested with development control powers for strategic planning applications in support of their objectives/purpose leaving householder and routine applications to the relevant local authority. The UDCs do not have powers in relation to determining the overall level of development or in relation to the location and distribution of development which are matters for the Regional Spatial Strategy and Borough and District Councils Local Development Frameworks.

UDCs have a term set for seven to ten years, with a review after five years and are funded by Central Government.

5. Summary

The table below provides a headline Summary of Urban Development Corporations (UDC’s), Urban Regeneration Companies (URC’s), and Economic Development Companies⁴⁵:

UDCs	URCs	EDCs
<ul style="list-style-type: none"> ▪ Established under the Local Government, Planning and Land Act 1980; ▪ Non Departmental Public Bodies funded by central government. Vested with statutory powers, including development control for strategic planning applications; and ▪ Aim to bring land and buildings back into effective use, encourage the development of new industry and commerce, and ensure housing and social facilities are available in the designated area. 	<ul style="list-style-type: none"> ▪ Independent companies, limited by guarantee. The members comprise local authorities, RDAs and often English Partnerships; ▪ Fulfil a coordinating role to deliver economic regeneration. Do not have statutory powers or hold assets; ▪ Primary role is to address significant development opportunities by developing and managing implementation of a masterplan; and to build business confidence and realise a collective vision for the future of the area. 	<ul style="list-style-type: none"> ▪ Local Government and RDA designed; ▪ Independent companies, potentially (though not necessarily) limited by guarantee. Members would normally include local authorities, RDAs, and other partners such as English Partnerships as appropriate; ▪ Build on many of the characteristics of URCs, but tasked with responsibility for a wider agenda in driving economic growth across cities. This could involve greater geographical coverage, a broader range of functions, increased profile, and leverage over greater budgets.

⁴⁵ Source: Department for Communities and Local Government - “The Role of City Development Companies in English Cities and City-Regions” (December 2006)

6. Benefits of EDC's (as opposed to URC's/UDC's)

The UK Department for Communities and Local Government paper - "The Role of City Development Companies in English Cities and City-Regions" (December 2006) sets out the benefits of the development of an EDC. Based on international evidence and the experience of special purpose vehicles domestically, the Government believes there could be a number of key advantages in establishing city economic development companies for cities and city-regions. Economic development companies could:

Benefits of EDC's (as opposed to URC's/UDC's)
<ul style="list-style-type: none"> ▪ As corporate bodies, better mirror the entrepreneurial approach and timescales of the private sector, facilitating a more responsive interaction with business, developers and investors than government or its agencies; ▪ Provide an economic leadership role, setting out and coordinating delivery around an economic vision, enabling investment to be focused where there is potential for greatest impact; ▪ Reduce the number of players in the economic development arena, aggregating currently disparate roles and improving the efficiency of economic interventions, through the succession, transition or integration of existing bodies' functions; ▪ Focus on the implementation of Regional Economic Strategies and other relevant regional strategies at the city or city-region level; ▪ Attract the specialist talent and skills that are key to economic development, including in corporate finance, marketing, project management and physical regeneration and property development; ▪ Improve the quality of investment propositions generated by the city or city-region for external third party, public-private, and commercial financing; ▪ Increase the capacity of cities to bid for major projects that can have catalytic effects on economic performance; ▪ Increase the fit between economic development delivery and economic reality, by operating across local authority boundaries; and ▪ Champion economic development needs in the development of other strategies.

The paper notes that the experience of URCs indicates that there is merit in Government setting out a broad policy agenda and framework for regeneration and development vehicles, and that URCs and other special purpose vehicles benefit from having a partnership with a clear set of agreed objectives and focusing on delivery of a consultation-approved masterplan. This is particularly important in terms of providing the private sector with confidence about long term investment and capacity to deliver.

In promoting city economic development companies, the paper notes that Government envisages that they should adopt a similar approach, focusing on aspects of the economy where there is greatest potential for sustainable growth and setting out a clear vision for doing so. There is therefore a need for robust economic analysis underpinning consideration of the appropriate approach. An evidence-based appraisal of current economic competitiveness, assets and weaknesses is a fundamental starting point. This needs to be backed by a clear appraisal system and robust evaluation plan in order to ensure that interventions are based on clear market failure rationales and realistic options - so that the added value.

- END OF REPORT -