



LOCAL PARTNERSHIPS

DUDLEY COUNCIL

West Midlands Property Alliance

Using assets for growth



Introduction

Background

Dudley is a large town in the West Midlands and the administrative and financial centre of the Metropolitan Borough of Dudley. At the 2011 census, the population of the wider borough was 312,925. The smaller Dudley built-up area had a population of 79,379, making it one of the largest towns in Britain without city status.



Dudley is part of the West Midlands conurbation and is located 6 miles south-east of Wolverhampton and 8 miles north-west of Birmingham. It is the largest town in the Black Country region of England, and is considered its capital.

Dudley's population grew dramatically during the 18th and 19th centuries because of the increase in industry, with the main industries being coal and limestone mining. Other industries included iron, steel, engineering, metallurgy, glass cutting, textiles and leatherworking.

During this time living conditions were very poor, with Dudley named 'the most unhealthy place in the country', leading to the installation of clean water supplies and sewage systems, and later the extensive development of council housing during the early 20th century to relocate the occupants of local slum housing.

In more recent years, declining industry in Dudley gave rise to high unemployment, resulting in the closure of many businesses in the town and the decline of the town centre.

The Council

Dudley is governed by Dudley Metropolitan Borough Council, created in 1974 and is made up of 4 principal centres; Dudley, Brierley Hill, Stourbridge and Halesowen. Its current vision is 'to make Dudley amongst the best places in Britain in which to live and work; and one that we can all be proud of'. As part of this it is committed to being a 'community council' and aims to be:

- ▶ at the forefront of new ideas and is one of the most innovative in Britain
- ▶ has a solid reputation for delivering excellence for the people it serves
- ▶ that is instrumental in creating a borough of opportunity, where young people will be able to compete for jobs in a wider and increasingly competitive global economy.



1. Dudley town centre

1.1 Background

Dudley's town centre shopping offer had begun to suffer from the declining industrial fortunes of the town in the 1970's. The development of the Merry Hill Shopping Centre, 3 miles outside of Dudley centre, between 1985 and 1990, and structural changes in the retail sector, which meant that traditional building sizes in many high streets were no longer suitable, saw the loss of most of the town centre's leading name stores.

The Council has a commitment to halt this decline and to regenerate the town centre.

1.2 Exceptional characteristics

The Council has worked on 4 inter-connected projects all aimed at bringing life back into the town centre. These are:

- ▶ Visitor attractions
- ▶ Further education offer
- ▶ Redevelopment of the historic market place
- ▶ Townscape.

Visitor attractions

On the periphery of Dudley are 3 major visitor attractions; Dudley Zoo and Castle, the Black Country Living Museum and Dudley Canals Trust. Together the attractions bring in 6-700,000 visitors p.a., but there was little signposting or connection between the attractions and from the attractions to the town centre.

Through a combination of European funding, Heritage Lottery Fund and use of the council's own assets significant improvements have been made to the connectivity of the attractions, both from the main road coming into Dudley from Birmingham, between the attractions and from the attractions into the town centre. A new junction has been built, and new car parking, releasing 14 acres of new development land to be marketed to new commercial and leisure operators. The Council has retained the freehold of the land and passed the management to the attraction operators trusts. While current visitor numbers are 6-700,000 p.a. it is aiming for an increase to 1m.

Further education offer

The Council has worked with the local FE college to relocate 2,500 students into the town centre by developing a new 6th form centre, FE premises and advanced engineering facility. This work has included assistance with exploring funding packages and preparing bids, including through the LEP and the Growing Places Fund. The first 2 are open and the latter will open for the next academic year in September 2014.

These developments, some of which were facilitated by the use of Council land, will attract students from a wider area and dramatically increase footfall to the town centre, supporting shops and food and drink outlets.



Historic market place

A £6.7m redevelopment of the historic market place is currently on site which will transform the town centre and provide a platform for an improved and more diverse retail offer. The Council is also in advanced negotiations with developers and food retailers to locate on one of its sites in the town centre. It has been proactive in bringing the retailer to the town centre site rather than a peripheral one.

Townscape

Using European and Heritage Lottery Fund funding investment is being channelled to 19 historic and listed buildings in the town centre to bring them back into economic use. The majority of these buildings are privately owned.

The Council has set up a separate company which is wholly owned by the Council known as New Heritage Regeneration Limited (NHRL). Its purpose is to provide concentrated resources directed at commercial negotiations with land owners and developers. It is partly funded by the Council and partly by income from a portfolio of properties originally acquired by Advantage West Midlands, subsequently transferred to HCA, and currently jointly managed by the Council and HCA under a stewardship agreement.

1.3 Key lessons learnt

The Council's willingness to use its powers and levers to influence the shape and type of development is beginning to bear fruit. It has used not just planning powers, but CPO, contribution of its own strategic assets, defraying some capital receipts to gain desired objectives and a combination of external funding available for historic buildings and the Black Country's Assisted Area status.

NHRL is a small and focused organisation working at arms-length on behalf of the council and its public and private sector partners. It provides expertise in programme management, design and finance as well as commercial and legal advice. It operates as a blended team with the Council's in-house regeneration unit, ensuring that there is no disconnect in the approach to major project delivery.

1.4. Rationalising the office estate

1.5 Background

In 2009 Dudley Metropolitan Borough Council (DMBC) created a strategic partnership with a private sector company, Public Sector plc (PSP). The new partnership is known as PSP Dudley Limited Liability Partnership, (the LLP) and is underpinned by the Winston and William Pears Groups. The LLP is working with the Council to facilitate the delivery of the Council's 'Transforming Our Workplace' project which is a comprehensive town centre office accommodation programme. This involves the introduction of new ways of working, property improvement and the rationalisation of some 40% of surplus office space. Once complete the project will deliver significant ongoing revenue savings to the Council.

1.6 Key facts

The PSP/DMBC partnership has been structured as an LLP as it was the most efficient vehicle for the Council and PSP to work together. The LLP, the first of its



type in the UK, will dispose of some twelve surplus sites used by the Council as offices in Dudley town centre. This will generate £4m which the Council will use to fund its wider transformation agenda and refurbishment of a much smaller, core office campus.

The Council has some 2000 staff based in offices in Dudley town centre and they are seen as key to the survival of the vitality of the retail centre of the town. However, due to budget cuts, it was critical to drastically reduce the revenue cost of office accommodation. The project will see the Council receive a 50% share in uplift over and above a guaranteed market value provided by PSP for its sites. The arrangement has been demonstrated as providing best value and complies with S123 best consideration

1.7 Exceptional characteristics

The LLP is designed to run for a minimum of 10 years. Its remit is to work with the Council in exploring and realising opportunities in its property portfolio to realise value for mutual benefit. There are no obligations on either the Council or PSP to do anything that may adversely affect one party over the other. It provides the Council with access to private sector resources without going through financially prohibitive preliminary work.

1.8 Lessons learnt

The LLP simply provides the Council with another option when it comes to property. The real value of the partnership is flexibility – in which the Council can secure its objectives and the private sector a fair and proper return – smoothly, cost effectively and harmoniously.



2. Housing regeneration and growth

2.1 Key facts

The Priory Estate was built and occupied in the early 1930's and was originally a popular Council estate. By the 1980's, particularly the north side of the estate had become notorious for anti-social behaviour and crime. In 2006 an options appraisal catalogued the poor state of repair and low demand for housing in this isolated part of Dudley and proposed demolition of 260 homes. The clearance programme took until 2009 to complete with properties scheduled for demolition often the target for vandalism and theft. Compensation had to be paid by the Council to some 30 Right to Buy occupiers in valuations agreed by the District Valuer, backed by a CPO.

In 2008, the Council selected the Bromford Group (housing association) and the specialist regeneration house builder Keepmoat to be its development partners at North Priory. The challenge was to diversify the tenure mix and unit typology and to achieve a new standard of build quality which would transform the reputation of the area. 314 new homes were planned for the cleared site, being a mix of sub-market rent, shared-ownership and outright market sale.

With the onset of the banking crisis in 2008/9, the project was in danger of stalling as the project viability had changed markedly. In March 2010 the Homes and Communities Agency provided a Kickstart grant of £5.5m to enable construction of the new units to begin. This grant recognised the considerable remediation challenge posed by the project, including the need to fill up underground limestone caverns before building work could begin.

By April 2012, the first 100 units had been completed, including 63 affordable homes and 37 for outright sale. Once complete, the total project will include a mixture of two-bedroom apartments and bungalows as well as two, three and four-bedroom houses, around seven newly built streets. Later phases continue to progress. Completion is due in March 2015.

2.2 Exceptional characteristics

The Council devised a comprehensive decant programme in order to re-house displaced social tenants elsewhere in the Borough. A bi-weekly newsletter was sent to all those living in homes ear-marked for clearance advising them of all vacant Council homes, and priority was given to these families as part of an agreed lettings policy. All Council tenants were moved within 18 months. Important consideration was given to family connections and attendance at particular schools.

Since redevelopment of North Priory was first mooted in 2006, there has been a consistent approach to community engagement with a long-standing Residents Steering Group through which the Council and its JV partners have managed an open and honest dialogue with local residents.

2.3 Lessons learnt

The markedly altered viability assessment post market crash meant that the Council needed to adopt a more flexible approach to land sale receipts opting for a series of deferred payments in order to protect progression of the scheme. The JV partnership needed to renegotiate the terms of its Development Agreement and this was achieved. The partnership proved to be resilient and capable of drawing in additional public funding support based on performance and enjoyed the continued backing of the community through very difficult times.

3. Conclusions

3.1 Strengths

Despite continuous and deep decline of the town centre and fragile market conditions since the recession real progress is being made in both improving the town centre offer in Dudley and developing housing. The Council has focussed on key projects and combined resources and powers to bring about change that the market would not have delivered without its intervention.

3.2 Constraints

Reliance on traditional 'gap funding', much of which is no longer available, may mean that future schemes still struggle for viability in depressed markets.

3.3 Sharing ideas

Dudley Council are happy to share ideas and learning with other authorities from the West Midlands and nationally.



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