



**LOCAL  
PARTNERSHIPS**

## **SANDWELL COUNCIL**

West Midlands Property Alliance

Using assets for growth



### **Introduction**

#### **Background**

Sandwell is a metropolitan borough in the West Midlands of England. The borough spans a densely populated part of both the Black Country and the West Midlands conurbation. The borough comprises the six towns of Oldbury, Rowley Regis, Smethwick, Tipton, Wednesbury, and West Bromwich, the largest town in the borough and its designated Strategic Town Centre. According to the



2011 census, the borough had population of 309,000 and an area of 86 square kilometres. The population has increased over the last 5 years.

Sandwell forms part of the Black Country comprising Sandwell, Dudley, Walsall and Wolverhampton, the name coming from the area's industrial past. During the Industrial Revolution, the Black Country became one of the most industrialised parts of Britain with coal mines, coking, iron foundries and steel mills producing a high level of air pollution. The heavy industry which once dominated the Black Country has now largely gone. The twentieth century saw a decline in coal mining and the industry finally came to an end in 1968. Clean air legislation has meant that the Black Country is no longer black. The area still maintains some manufacturing, but on a much smaller scale than historically.

Much but not all of the area now suffers from high unemployment and parts of it are amongst the most economically deprived communities in the UK. According to the Government's 2007 Index of Deprivation Sandwell is the third most deprived authority in the West Midlands region, after Birmingham and Stoke-on-Trent, and the 14th most deprived of the UK's 354 districts. As with many urban areas in the UK, there is also a significant ethnic minority population. In Sandwell, 22.6 per cent of the population are from ethnic minorities.

## The Council

For its first 12 years of existence, Sandwell had a two-tier system of local government; Sandwell Council shared power with the West Midlands County Council. In 1986 the county council was abolished, and Sandwell became a unitary authority.

Sandwell is committed to regenerating the area and attracting new jobs and housing. It is promoting economic growth by improving the quality of employment land and aiding the delivery of a broad mix of new homes between now and 2026, supported by new shops, offices, leisure, transport and environmental improvements. Because of the area's heavy industrial past, 99% of development occurs on brownfield sites and issues concerned with contamination and complex geo-technical challenges are common. The abnormal cost of development is high often leading to a 'viability gap' and the Council is experiencing real difficulties in sourcing funding to bridge these gaps. For this reason, Sandwell is using its land and asset resources to facilitate regeneration opportunities across the area.

Therefore in order to facilitate development and increase the viability of schemes the Council has used its land to subsidise schemes rather than seek to maximise capital receipts. Below are some examples:

- ▶ Major redevelopment of West Bromwich town centre
- ▶ Sandwell's housing agenda, where it is working with partners to deliver a range of new housing across tenures
- ▶ The 'development ready' approach adopted by the planning and development services to ensure development opportunities get the best possible passage through the system.

These are discussed in the following sections.



## 1. West Bromwich Town Centre

### 1.1 Background

The extensive land ownership of the Council in and around West Bromwich town centre has provided the basis for the Authority facilitating a comprehensive long term programme of investment designed to transform the range and quality of retailer representation and underpin local pride. The story begins over 17 years ago and extends through 3 property market cycles, ultimately leading to approximately 500,000sq ft of new build commercial floor-space being completed in the Autumn of 2013.

The new scheme is anchored by a Tesco Extra superstore of 140,000sq ft, 50,000sq ft Primark, unit shops totalling a further 250,000sq ft and a cinema with restaurants. The development has made a 10% contribution towards £25m of DfT funded junction improvement works on the A41 providing a new gateway to the town. An inner ring road, which previously constrained the town centre, has been removed in order for retail and other commercial activities to expand whilst providing safe and convenient pedestrian links around the commercial streets and to public transport services.

The Council's development partner has been Spenhill Developments a wholly owned subsidiary of Tesco who have invested £200,000m in the New Square mixed use scheme. There has been significant public sector investment in complementary new buildings around the periphery of the New Square scheme, including a £77m Sandwell College campus via grants from the Learning Skills Council. A controversial Black Country Arts Centre costing £72m, funded in part by the Art's Council (£34m) and a cocktail of other public funds including ERDF, closed after 5 years and is now planned to be converted into a Sixth Form College.

The joint venture development agreement between Spenhill and the Council was based on the authority investing its land ownership, utilising its CPO powers and relying on an open book approach backed by independent formal valuations. In the early years of the scheme's evolution, the Council used its land assets, its CPO powers and its influence with public sector partners to achieve relocation of both the bus and police stations plus the acquisition of 50 business interests in order to assemble the site.

A former Council depot has been relocated to make way for an office development project adjacent to the new retail scheme capitalising on the new infrastructure investment that has been made. This has attracted high profile occupiers, BT and the West Bromwich Building Society.

### 1.2 Exceptional characteristics

Land value was "traded" against quality outputs as the Council was prepared to receive a lower land value provided that secured good quality materials, especially in the public realm. Commercial layouts which failed to maximise footfall and effective pedestrian links to the existing traditional high street were rejected. The Council was very clear about its motivation for undertaking the project from the outset. The Council was prepared to acquire additional interests in land in order to assemble the site.



The scale of the scheme has served to help re-position ambitions for the rest of the town, hence the other capital schemes that have subsequently happened in and around this central area.

### **1.3 Key lessons learnt**

Successful delivery of this major complex project has benefitted greatly from consistent leadership within the Council, whose accumulated knowledge of the history and detail of the project story has proved an invaluable attribute.

This project amply demonstrates the need for dogged tenacity and consistent political support when attempting to deliver a step-change project of significant scale in a fragile market. It also demonstrates that public private partnerships need to be well managed in order to be resilient to the inevitable ebbs and flows of the property market cycle. Choice of a partner with substantial financial resources and multiple reasons for staying the course also seem to be obvious lessons learned.

Arising from the experience gained from delivery of this town centre scheme, the Council has evolved and is now operating an initiative entitled Development Ready. This approach centres on a client service model and is now used for all major schemes and prospective investments, whereby a single named officer project manages a cross-service response to match the expectations of developers and occupiers. The aim is to provide a seamless, single point of contact service that spans not only land and planning but also external funding support and skills. The input of external bodies integral to the planning process, such as the Environment Agency, are also managed via this process. Experience has demonstrated that delivery is accelerated and nominated officers who are asked to take responsibility for a particular project respond very positively to the challenge.

### **1.4 Future aims**

The re-planning of the town centre which the New Square scheme has brought about is beginning to highlight peripheral parcels of land which can now become the focus for change of use and redevelopment. The next phase of planning will aim to knit together a series of finer grained plots of land which can combine to provide space for homes and smaller footprint commercial users, enlivening the fringe of town centre areas which are currently fragmented and disjointed. This will include:

- ▶ Attracting additional office users to this location is a key ambition. 2 head-quarters style buildings have been secured but there is space for more
- ▶ Finding occupiers for the 12 or so vacant smaller new retail store units which have only recently been completed at New Square is an immediate goal for the JV partners
- ▶ Continuation and constant improvement of the Development Ready service and its external promotion.



## 2. Housing agenda

### 2.1 Background

Sandwell has worked with the HCA and private developers to facilitate the development of significant amounts of mixed tenure housing in the past 2 years. It acted quickly to maximise the benefit from the grant funding available and put together a programme for 2,500 homes, of which 1400 were affordable.

### 2.2 Exceptional characteristics

Prior to the banking crisis, Sandwell was able to package a mix of sites to put into the HCA programme, attracting considerable amounts of Affordable Housing Grant. Development partners were chosen from the HCA's Development Partner Panel. During recent years when housing development by the private sector has been suppressed, the programme has kick-started development of both affordable homes and homes for private sale. In other words, the secure partnerships which were established in 2007/8 have endured despite the market crisis, and grant support has helped to "buy time" for the market to be picked up.

The Council was able to support continuation of house building across these sites by foregoing capital receipts in return for the wider regenerative effects of housing development in key parts of the borough, in particular supporting the regeneration of West Bromwich and Smethwick.

The homes built have sold and let well with the Council's joint venture partner Barratt Homes reporting that the Lyng scheme in West Bromwich is one of their best performing sites in the Midlands.

The comprehensive ambitions at Lyng, which began with new homes, have stimulated additional capital investment in other complementary social infrastructure schemes, including a new leisure centre and new-build health provision. Taken together, this programme has delivered a new urban quarter within walking distance of the town centre and public transport links.

### 2.3 Key lessons learnt

While the earlier part of the programme formed part of the Birmingham and Sandwell Housing Market Renewal Pathfinder Initiative (HMRI), and so attracted higher rates of grant, the subsequent phases did not. However, the legacy of the HMRI in terms of setting a high quality benchmark has been retained with important urban design principles and standards being held to despite viability challenges.

Sandwell Council employ an urban design team to advise developers on quality issues and ensure the right standards are achieved. This has proved invaluable to the success of the schemes currently being developed. As a consequence, the completed schemes in highly visible locations adjacent to the town centre of West Bromwich, are of notable high quality, playing an important role in raising the profile of the town.

A secure and reliable joint venture partnership as the delivery vehicle for this large-scale urban renewal programme has been the key to its success. Partners have clearly demonstrated an equal commitment to high quality finishes and spaces and a determination to "keep going" despite a market crisis. This partnership



was a ready-made and highly credible route to vital grants in the worst of times. This access to funding enabled the house builder to justify keeping construction going on sites, keeping skills together such that when the market recovery began to emerge, construction rates could be geared up. This scheme illustrates that longer term (10 years +) public private partnerships of this nature are:

- ▶ a safe haven for house builders who need to protect turnover and retain skills when markets are weak
- ▶ the most reliable method of maintaining momentum in key regeneration programmes.



### 3. 'Development Agency' approach

#### 3.1 Background

Sandwell has a wealth of sites waiting to be redeveloped which will contribute to the economic prosperity of the Borough as well as providing good quality residential areas. However, the economic climate in recent times has slowed if not halted the delivery of these sites, with viability issues preventing developers from commencing construction. It was acknowledged that a proactive approach to marketing sites and reducing the risk was required to drive this redevelopment forward.

The Development Agency model concentrates on a three pronged approach

- ▶ A Development Ready Team that looks to promote Sandwell for investment
- ▶ A Development Team to assist in the processing of sites from identification through to submission of a planning application
- ▶ An Urban Design Panel to ensure schemes are of an appropriate standard to obtain planning permission.

The aim of the Development Agency approach is to provide confidence to developers and investors that they will receive a good quality service when deciding to invest in sites in the Borough, whether it be for residential, industrial or other development. A 'Sandwell Pledge' has been developed to provide clarity on what the Council will do to guarantee this.

The Development Ready Team identify opportunity sites, regardless of ownership, and produce a Development Prospectus to de-risk the sites and give certainty to the planning process. The sites are marketed through a range of channels and developer forums and, where funds permit, appropriate studies will be undertaken such as Site Investigations prior to marketing the site. This will ensure that all known constraints are disclosed upfront to make negotiations on land sales more streamlined. Where it is in the Council's best interests, consideration may be given to purchasing additional land adjoining sites to provide an opportunity for more comprehensive development, which will be pursued by the Development Ready Team in conjunction with the Property Teams.

The Development Team support potential developers through the planning process, providing a development prospectus for the site that highlights the development potential, as well as any issues and policies that will need to be taken into account. There will also be a dedicated officer assigned to each site to ensure continuity throughout the process and arrange meetings with the appropriate sections prior to the submission of a planning application. Where necessary, Economic Regeneration will be able to assist in providing advice on relocation of businesses to enable development to take place, including any grants or funding that may be available to assist.

The establishment of an Urban Design Panel, as a future phase, will ensure schemes are of an appropriate standard to obtain planning permission and provide master-planning advice and guidance. The team will provide advice and guidance to developers that meet the Council's aims of good quality developments in the borough, review strategically important proposals prior to submission and provide an alternative advisory role to MADE, which may be more cost effective.



### **3.2 Exceptional characteristics**

The Development Agency model, offering a comprehensive service from initial site identification, to relocation advice, pre-application meetings and urban design critique is a proactive approach in marketing potential development sites. It will provide opportunities to regenerate strategic sites across the Borough and attract investors to Sandwell as a local authority open to business.

The service mainly concentrates on actively promoting Council owned sites and ensuring that assets are developed to a high standard. However, as the Council is keen to see good design throughout the borough, the service is also offered free of charge to private landowners.

This has enabled a number of de-risked sites to be offered to the market, with all known issues and constraints clearly set out, providing clarity to the potential developers in assessing an appropriate bid for the site.

In order to maintain the momentum and interest in the scheme, there needs to be a constant flow of good quality sites offered to the market. This will further increase the confidence the developers have with the council in working together to regenerate sites within the Borough.

One such site located just outside of West Bromwich at Devereux Road has been sold to a major house builder and received planning permission for the development of 61 dwellings on an allocated site for housing. Negotiations between the developer, planning and highways resulted in a quality scheme being proposed providing a range of house types and tenures to meet demand, including enhancement of adjacent open space.

### **3.3 Key lessons learnt**

The single point of contact and development team approach has enabled improved relationships between developers and the Council resulting in the delivery of higher quality developments.

### **3.4 Future aims**

The Development Agency was launched in March 2013 and since then has marketed a number of sites, with the prospect of more to be marketed in the coming months. As the Development Ready approach becomes more established, it is proposed to market the concept nationwide to gain further interest in the process and the service available. It is hoped to encourage more people to register with the service so they are alerted as soon as new sites come onto the market, and to engage more with developers and landowners in bringing more sites forward, including more in private ownership.

## 4. Conclusions

### 4.1 Strengths

The tenacity with which the Council has pursued its objectives over a long period has been key to its success. A clear vision of what was required, an imaginative and flexible use of its own assets and using the other levers available to influence development have enabled the Council to deliver on complex regeneration schemes in a difficult market.

They have worked effectively with a range of public and private sector partners to attract capital and resource to the area.

In common with other areas, a strategy of declaring publicly to be 'open for business', while backing this up with tailored support for key developments has proved successful.

### 4.2 Constraints

The lack of gap funding for remediation of contaminated sites, of which there are many in the Black Country, causes problems of viability and risks housing demand being accommodated in adjacent areas where site problems are fewer, although there is less local and political will to do so. A strategic, cross-area view of housing demand and supply would enable better balances to be struck.

### 4.3 Sharing ideas

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



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Local Partnerships, Local Government House, Smith Square, London SW1P 3HZ  
020 7187 7379 | LPenquiries@local.gov.uk | @LP\_localgov | localpartnerships.org.uk