



LOCAL PARTNERSHIPS

SOLIHULL COUNCIL

West Midlands Property Alliance

Using assets for growth



Introduction

Background

Solihull is a town in the West Midlands of England with a population of approximately 95,000. It is a part of the West Midlands conurbation and is located 9 miles southeast of Birmingham city centre. It is the largest town in,



and administrative centre of, the larger Metropolitan Borough of Solihull, which itself has a population of 207,400.¹

Solihull is one of the most prosperous towns in the English Midlands and nationally, with earnings 12% above the national average. In November 2013, the Switch Quality of Life Index named Solihull the “best place to live” in the United Kingdom.

Unlike nearby Birmingham, the Industrial Revolution largely passed Solihull by and until the 20th century Solihull remained a small market town. In 1901, the population of the town was just 7,500. However, by the 1960s, the population had grown to over 100,000. This growth was due to a number of factors including a large slum clearance programme in Birmingham, the development of the Rover car plant (now Jaguar Land Rover’s largest manufacturing facility, with a further £1.5bn of investment being made), the expansion of what was then Elmdon Airport into Birmingham International Airport, the development of the National Exhibition Centre, and, perhaps most significantly, the release of large tracts of land for housing development attracting inward migration of new residents from across the UK.

Solihull is well-connected. The A41 and A34 pass through Solihull as do the M42 and the M40, which provide rapid links to Oxford and London and to the rest of the motorway network surrounding the West Midlands. There are national rail connections via both the West Coast Main Line (Birmingham International to London Euston) and Chiltern Line (Solihull to London Marylebone). Birmingham Airport (BHX) is located in Solihull. The Council is a shareholder in the Airport operating company, along with the other six West Midlands Metropolitan Councils.

Solihull’s economy grew significantly from the 1980s onwards, with growth significantly above national average rates²³. Growth rates were particularly high between 1995 and 2001 – coinciding with high rates of commercial property development, including major Council-led initiatives at Blythe Valley Park and Touchwood. The Borough has been identified as a Top 3 UK location for Enterprise, and amongst the Top 10 for business, alongside cities such as Cambridge, Oxford and Edinburgh.

The Council

In 1964, Solihull became a county borough and in 1974, the Solihull county borough was merged with the rural district surrounding Meriden to form the Metropolitan Borough of Solihull. At this time it also moved from the county of Warwickshire to the West Midlands.

¹ ONS 2012 Mid-Year Population Estimate

² 2013 ONS ASHE – Gross Weekly Pay – average earnings in pounds for employees living in the area

³ ONS – GVA Growth 2011 – 2012 of 4.6% compared to a national average of 1.8%



The Council is strongly committed to using its levers and powers to narrow the gap in opportunity and attainment between north Solihull and the rest of the borough. The case studies demonstrate how it is using land and assets to:

- ▶ Close the gap in opportunity by regenerating North Solihull
- ▶ Maximise the potential of HS2 and Birmingham International Airport as a strategic transport and employment hub
- ▶ Use its property interests in Solihull town centre to enable expansion of a successful retail development.



1. North Solihull Regeneration

1.1 Background

Following a fully EU compliant selection process, the North Solihull Partnership LLP was established in 2005 between Solihull Council, Whitefriars Housing Association⁴, Sigma InPartnership and Bellway Homes Ltd. This new delivery mechanism was set up to tackle long-standing economic inequality between north and south Solihull.

With plans to unlock £1.8 billion investment over 15-20 years to regenerate some of the most deprived wards in the country, the programme's goal is to transform the three wards of Chelmsley Wood, Smith's Wood and Kingshurst & Fordbridge by improving homes, shops, schools, health and community facilities, transport, the environment, raising skills and qualification levels and creating jobs.

Replacement of the primary and secondary schools in the regeneration area and the establishment of a series of new mixed use village centres were, from the outset, key requirements of the Partnership. This was of equal importance to the supply of mixed tenure homes.

Regenerating North Solihull is one of the UK's largest community-led projects, covering 1,000 acres of land and 40,000 people.

1.2 Creating a robust funding structure

A primary financial driving force behind delivery of the Partnership's business plan has been liberating and trapping up-lift in land value. Funding is generated through Solihull Council selling land to the North Solihull Partnership. The Partnership then sells this land, once planning permission is granted, at an uplifted value, to Bellway Homes.

The money from these sales is put back into the project, providing the funding for new primary schools, village centres and improvements to infrastructure and green space, as well as revenue for socio-economic programmes and activity.

Via the comprehensive master planning of whole neighbourhoods, poor quality and underused public open space, valued at approximately £10,000 per ha., has been released for housing development producing land value of up to £500,000 per ha.

1.3 Impact of recession

Following curtailment of the Building Schools for the Future (BSF) programme, which had delivered the re-provision of the district's secondary school estate, the Council was faced with a situation whereby uplifted land value (affected by the housing market crisis of 2008/9) fell short of the funding needed to keep up the momentum of the primary school rebuilding programme.

The partners have complementary skills and their respective roles and responsibilities are well-defined in a legal, contractual sense and at the pragmatic level of daily operation.

⁴ Now West Mercia Housing Group



In response to the threats to the financial model of the LLP, the Council resolved to raise £30m from the PWLB to enable the commitments of the Partnership to be made good. This funding was justified as a result of anticipated revenue savings in the education budget. As a result, house and school building has continued consistently despite the recent market crisis.

It is clear that despite severe financial pressures, this public private partnership has endured and continued to deliver valuable outcomes for local people. The Partnership has proved itself to be resilient as a result of it being based on very clear and simple shared objectives and supported by an unwavering political commitment to stay the course.

1.4 Build first – clear later

The Partnership has not avoided difficult decisions around demolition. Many sub-standard homes both family and high rise have been cleared to make way for new investment. Resident objections have been minimal as the approach has been Build First-Clear Later. A local decant programme managed by the ALMO has enabled local residents to be re-housed within the community with 1:1 replacement ratio being achieved.

Smith's Wood Community Primary School is a newly built two-form entry school which includes a new Community Centre managed by the local Parish Council, has Extended Service facilities and an Adult Learning Room. The school is central to the new Smith's Wood Village Centre.

1.5 Public Open Space

A well planned and executed community engagement programme has helped to deal with resident concerns about loss of green areas. Residents can see that the Partnership has provided new and higher quality public spaces as part of the house building and village centre programme and this has served to speed up the process of Council land release into the Partnership. Trust and confidence has developed as early promises were made good. Recognising the critical value of this retaining this trust was a key determinant in the Council's decision to invest £30m into the schools programme.

Efficient and flexible utilisation of new buildings has been a hallmark of the LLP's approach. Schools are used for a whole range of purposes outside the school day.

1.6 Upskilling the local workforce

From the outset, the participants in the LLP were committed to capturing as many local economic and social benefits as possible. Bellway Homes agreed an Employment Strategy which has ensured that up to 50 percent of the workers either come from the local area or are employed by local firms. Local construction training initiatives have been put into place to ensure that local people are job ready.

The bedrock of success has been comprehensive and consistent community engagement and active involvement in shaping the design of projects and schemes by local people in project specific focus groups.

Key to this approach has been the establishment of Work Clubs by the Council, which meet at local centres every week and are supported by dedicated specialist staff. These focus on local and accessible recruitment opportunities, supporting residents in North Solihull with job readiness and application skills and helping them to access specific jobs, within the area or within commuting distance.

There is an active volunteering programme, opportunities to be an environmental champion or undertake work experience with local businesses

Emerging scheme ideas have been tested and refined via local groups and these groups are a permanent resource where capacity has been developed over several years.

1.7 The Council acts as Property Developer

The LLP decided to adopt a commercial approach based on the need for new village centres to be viable without on-going subsidy. Where profits generated from local centre schemes have not met the target rates of return of its private sector partners, the Council has stepped forward to act as developer and taken a longer term view of investment performance

Disparate low grade and poorly performing parades of estate shops are being replaced with new village centres. Retail traders are given the option of taking a new shop unit at a modern rent or ceasing to trade. Old parades will be demolished to make way for new homes

1.8 Future aims

As the housing market improves, the rate of house building will accelerate and a wider range of tenure models are now under consideration, include development of private rented stock for retention by the Council.

Continuation of the house building programme will produce enhanced land receipts to feed the development of new village centres and will deliver a sustained programme of investment in future years

Greater efforts will be invested to ensure that new village centres provide highly attractive and cost-effective provision for a full range of public services; flexible customer service hubs for Council services and touchdown space for public sector partner organisations

The Council's borrowing will secure the completion of the primary school estate schemes. Enhanced educational attainment is beginning to be evident, with the new Smith's Wood School, for example, having a major positive impact as shown in the table below.

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
St Anne's	85	93	93	96	92	96
Kingshurst	63	56	67	73	63	73
Smiths Wood	–	57	50	60	78	78
Kingfisher	33	–	–	–	–	–
Bosworth Wood	61	–	–	–	–	–
Solihull	79	79	81	80	79	83
Percentage of Children Achieving Level 4+ in English and Maths at KS2 ⁵						

⁵ Note: data from 2011/12 is based on reading, writing and maths at Level 4+ – not an overall English measure



2. Solihull town centre retail development

2.1 Key facts

Touchwood is an award winning, 650,000sq ft shopping destination, opened in September 2001. The anchor store was the first John Lewis in the West Midlands, joined by many well-known high street brands, restaurants, bars and a multi-screen cinema. The centre has one of the strongest retail performances in the UK and the owners, Lend Lease, are keen to expand the centre to build on this success⁶.

The development was built on Council-owned land and the Council retains the freehold, receiving a rent based on a proportion of rents received by Lend Lease. The Council's offices are located adjacent to Touchwood and provide the best site for the retail centre's expansion.

The Council, Lend Lease and partners piloted a new approach to maximising local employment. Initially a Touchwood Job Shop was set up to help unemployed residents of Solihull and Birmingham access construction, retail and other jobs created by the development. Subsequently a more permanent facility was established in the centre itself offering employment, training and recruitment support for jobseekers and town centre employers – the model for future recruitment initiatives, including the Birmingham Bullring. A Community Room was also incorporated into the scheme to provide a facility for local groups and organisations and to complement the other facilities at the Hub (Solihull College and Jobcentre Plus). The Council contributed to the construction and fit out of the room and entered into a 10 year licence for the space, running from September 2001.

2.2 Exceptional characteristics

The Council is in discussion with Lend Lease to enable the retail centre to expand onto one third of its current office site. It will receive a similar, proportionate share of rents received on the new development. To facilitate the expansion the Council will need to demolish one third of its Council offices and renovate the remainder of its office premises, the Council House, to introduce modern ways of working and accommodate significantly more workers. During the development period the Council will vacate the Council House and will house staff in temporary premises.

2.3 Lessons learnt

Retention of interest and influence in key town centre sites has enabled the Council to secure advantageous development to support the town centre and an important income stream. The Council will have new, modern offices with reduced running costs, which will facilitate more efficient working. The costs of the capital works to the Council offices will be funded by the proposed deal with Lend Lease. There will be no cost to the local council taxpayer.

⁶ Solihull Town Centre was ranked 43rd on the 2013/14 Venuescore ranking out of 2700+ UK retail venues – after Oxford and before Merry Hill. (source: Javelin)



3. UK Central – future ambitions

UK Central offers an outstanding opportunity to deliver economic growth and job creation on a national scale. Its unique concentration of national assets – the National Exhibition Centre, Birmingham Airport, Jaguar Land Rover's largest manufacturing plant – and location (with 20m people in a 90 minute drive-time and 90% of the UK market accessible within 4 hours) mean that it already plays a major economic role, supporting over 100,000 jobs and generating over £5bn GDP in the region.

The new High Speed Rail Interchange, co-located with an international airport and exhibition and conference complex, will create a distinct and compelling international investment proposition – one of the few genuinely international scale opportunities in the UK – and will have a transformational impact in unlocking investment, regeneration and development potential, bringing new economic activity and jobs.

It represents all that Solihull Council, working with its neighbouring authorities, intends to contribute to the ambition of accelerated growth for this strategic location at the heart of the Midlands.

A strategic Masterplan – setting out the economic vision and potential – was finalised and successfully launched in Summer 2013 – attracting national and Government attention for the scale and ambition, and generating significant national and international investor interest.

It shows how new routes to emerging markets can be realised through Birmingham Airport, how the new High Speed 2 rail service will connect to the UK north and south and how the most populous conurbations of the Midlands, Sheffield, Nottingham, Derby, Coventry, Oxford and Birmingham intersect through the connectivity of the M42 to the national motorway network at this strategic location. It also shows how the priority regeneration initiatives of North Solihull and East Birmingham can take advantage of the economic success, not only of existing companies such as Jaguar Land Rover, AEC, Arup, Monarch, TRW and Fujitsu, but also the growth capacity of assets such as the NEC, Solihull Town Centre and the business parks of the M42 corridor.

Realising this potential could result in 100,000 additional jobs and £14bn additional GDP in the Greater Birmingham & Solihull LEP area alone. Four economic opportunity zones offer investment and development potential both now and to 2040.

Zone 1: The most significant opportunity area, with the Interchange Station, Birmingham Airport, the National Exhibition Centre, Jaguar Land Rover and high quality investment sites, with capacity in five clusters

- ▶ Flexible events and leisure space at the NEC
- ▶ Advanced manufacturing and technology focussed on Birmingham Business Park
- ▶ An international airport
- ▶ Advanced office and commercial development adjacent to the High Speed Rail station
- ▶ Jaguar Land Rover – a world class centre of manufacturing excellence



The core hub area – the Airport, NEC and Birmingham Business Park – is 550ha (significantly larger than the Royal Docks for example and comparable to Munich Messe at 560ha) – with a further 143ha in the area around the Interchange station.

Zone 2: North Solihull, with its £1.8bn regeneration programme, offers further potential for retail, leisure and community development.

Zone 3: Solihull Town Centre, a major retail, leisure and office destination with plans for a large-scale extension to the Town Centre coming forward, with potential for residential, retail, office leisure and hotel development.

Zone 4: Blythe Valley Park, a masterplanned campus combining a countryside park setting with direct access to the national motorway network, offers both immediate and longer-term development potential, including residential and mixed use alongside large scale advanced manufacturing, higher education or health facilities.

By 2040 the total impact could be

- ▶ Over 100,000 additional jobs in Greater Birmingham and Solihull and a £14.2bn boost to the area's GDP
- ▶ Unlocking up to 230 hectares of development potential for commercial, leisure and residential development.

Unlocking this potential requires:

- ▶ clear local leadership from the Council and Greater Birmingham & Solihull LEP
- ▶ the effective integration of HS2 plans and the Interchange Station with the UKC Vision and Masterplan
- ▶ Investment in local and regional connectivity and networks, including a long-term solution for Junction 6 of the M42, enabling it to accommodate investment and growth of the scale that can be achieved.

A formal Memorandum of Understanding has been put in place between Solihull Council and the 3 other landowners in the Zone 1 Interchange area (including Birmingham City Council, which has substantial land holdings).

The Secretary of State for Transport has acknowledged the prospects and proposition and has asked the Highways Agency to commission more detailed design and feasibility work for J6, due to complete in Autumn 2014.

The Greater Birmingham & Solihull LEP Strategic Economic Plan and Growth Deal proposals invite Government to work with the Council and the LEP and invest in the future potential of this strategic location.

4. Conclusions

4.1 Strengths

Solihull's clarity of purpose and commitment to tackle ingrained inequality in the borough underpinned the development of the North Solihull Regeneration Partnership. Despite serious difficulties related to the fragility of the market and change in funding regimes the Council has acted with flexibility and determination to enable the Partnership to survive the most difficult times.

Strong partnership working, both with the private sector and other public sector partners through the LEP and JV structures, alongside a clear commercial approach means that Solihull has not only attracted significant private investment to key areas of the borough but is able to maximise the benefits of this investment to secure regeneration, increased business activity and jobs.

4.2 Constraints

The long term nature of the North Solihull Partnership meant that it was conceived in a very different financial climate from the one in which the plans are being implemented. The risk sharing between public and private sector has had to change in order to continue development, meaning that Solihull has had to accept more of the risk than originally anticipated. However, this has been done with a clear understanding of costs and benefits and a view to the longer-term positive impact for the area.

4.3 Sharing ideas

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



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