

E3 CENTRES RISK ASSESSMENT

INTERDEPENDENCIES

- E3.1 In projecting the magnitude of retail and office growth required, consultants have applied the key social and economic components of population growth, A/B households growth, growth in personal income levels and the resulting spending capacity.
- E3.2 Population growth is a direct output of the RSS housing requirements to 2021 for the Black Country, and is significantly dependent on the scale of land supply, and house building rates, which in themselves are an area of risk as stated earlier in the Study.
- E3.3 The growth in the A/B population, intended as an additional 50,000 households by 2031, is a direct consequence of the Black Country stemming the scale of out-migration and attracting people back to the area. These aspirations thus stem directly from the approved RSS.
- E3.4 Expenditure arising from the growth in personal incomes will follow in part from the additional levels of higher income households, both retained and attracted back.
- E3.5 It will also result from changing skill levels, and the material restructuring and growth in Black Country jobs.
- E3.6 The Delivery Plan will be seeking to ensure the seamless relationship between these components of change and a multi-agency commitment to the scale of initiative required.
- E3.7 Each of the above-mentioned changes have a direct relationship with each other such that shortfall in achieving one has a knock-on effect on the other.
- E3.8 The personal expenditure changes to which the Vision aspires are centrally important to the estimates of retail need, and in part depend on job transformation.
- E3.9 The GVA Grimley Black Country Centres report (GVA Grimley, August 2005) translated the Visionary expenditure objectives into retail floor space needs. These objectives have also been reflected by Roger Tym & Partners in the Regional Centres Study option, which set out the Black Country projected level of growth.
- E3.10 Monitoring of income growth will be central to ongoing review of retail floor space needs. The Consortium has rejected suggestions of less aspirational growth levels forming the basis for centres retail strategy and the level of retail growth. Income levels are a variable as with the other strategy components. Early amendment to any or a number of the seamless package of proposed strategy assumptions will prejudice the cohesiveness of the strategy as a whole.

E3.11 The Consortium accepts that the monitoring process must continue both at Black Country and Regional levels. Through the Delivery Plan and planning policy reviews, necessary changes can be made in response to the results of monitoring.

LEAKAGE OF RETAIL EXPENDITURE

E3.12 The recent consultant report from White Young Green has demonstrated the potential leakage effects of any Black Country centres shortfall in meeting retail need.

E3.13 Centres success is dependent on the sub-region stemming the continuous process of retail expenditure leakage. This has occurred as a consequence firstly of the successful growth of competing strategic centres, notably Birmingham, Solihull and Telford; and secondly, the slow progress in centres growth and rejuvenation in the Black Country. Both processes are closely inter-related.

E3.14 The investment strategy for the four key centres based on growth intentions is the starting point for their rejuvenation. However, key retail occupiers who are increasingly focusing on larger scale operations in larger centres, tend to research and assess the scale of higher income households in the existing or potential catchments before making an investment decision to operate from a centre.

E3.15 It follows that shortfall in growing A/B household areas and retaining higher income groups may prejudice occupier investment confidence.

E3.16 The report of Graham Chase & Partners (Investment Analysis and Future Investment Potential of Black Country Report Centres: Chase & Partners, March 2006) on retail and office investor confidence confirms this view, but also:-

- Each of the four centres must exploit their own USP's and catchment areas which have both discreet as well as overlapping boundaries;
- All four centres by doing so can together meet consumer needs;
- Brierley Hill/Merry Hill, with conditions upon the scale and timing of its growth, both complements the other centres, and is essential to investment confidence in the Black Country and retention of retail expenditure.
- Failure to enable Brierley Hill/Merry Hill to grow its retail role will prejudice the Black Country as a whole. The gap, particularly with Dudley Town Centre's limited future retail role, will not be made up by the other three strategic centres. This is further confirmed by the White Young Green report which assessed the magnitude of potential leakage as a consequence (Assessment of Future Market Shares and Accommodating Future Needs): (White, Young, Green – May 2006):

- E3.17 Thus failure to achieve socio-economic changes, and failure to achieve the complementary growth of all four strategic centres would conspire to prejudice the strategy as a whole.
- E3.18 If continuing leakage and underachievement of centres growth occurs coupled with (or stimulated by) growth in competing centres, the potential for both claw back of trade and increased investment confidence will be prejudiced and the spiral of leakage is inevitable as a consequence.

FAILURE TO ENHANCE AND GROW BRIERLEY HILL/MERRY HILL

- E3.19 The four centre strategy for focusing comparison shopping and offices has recognised the limited future role of Dudley as a strategic centre. This in itself is not a risk. There is a strong evidence base as to the limited future role of Dudley Town centre for retail growth:
- Dudley MBC have examined the physical limitations upon providing sites for future major retail development beyond commitments to 2011 (Dudley MBC Capacity Study).
 - Dudley MBC have consulted widely on supplementary guidance for the town centre's future. This has confirmed the support, substantiated by physical site evidence, for the town centre to focus upon residential renaissance and a tourism and heritage strategic role.
 - Dudley MBC has similarly assessed the centres of Halesowen and Stourbridge. This work confirms the limited physical capacity for significant retail or office growth.
 - The reports of GVA Grimley (August 2005) and Graham Chase and Partners (March 2006) have both confirmed that Dudley town centre will not be sufficiently attractive to retail investors or operators. The proximity of Brierley Hill/Merry Hill is a material commercial factor, with many of the key High Street operators already represented thereat.
- E3.20 Thus if Brierley Hill/Merry Hill is not enabled to grow/adapt to changing operator/customer requirements, the South West of the Black Country and Dudley as a Borough will have no strategic centre capable of absorbing the growth in expenditure and consequential retail expenditure derived from:
- Increasing retail spending from the existing population.
 - Increased spend derived from population growth in line with RSS requirements.
 - Increased spend derived from the enhanced proportion and number of A/B households and their in-migration to reflect RSS.
 - The projected increases in personal incomes.

- E3.21 The land capacity studies have shown the considerable housing land opportunities in Dudley derived from poor quality employment areas. The Ecotec report (Ecotec, 2006) confirms that Dudley as a place and as a retail and leisure destination is the key area for attracting and retaining A/B households in the Black Country.
- E3.22 Brierley Hill/Merry Hill has been subject to planning restraint and thus no growth in its retail office since 1995. Should the Secretary of State confirm its strategic town centre status no further development would operate before 2011. Thus the centre will have experienced no retail growth for a 15 year period.
- E3.23 During this time other competing centres, notably Birmingham and Solihull have expanded substantially and contributed to continuing leakage of retail expenditure from the Black Country.
- E3.24 Meantime Walsall, West Bromwich and Wolverhampton centres have not experienced substantial retail expansion and have experienced (West Bromwich notably) the loss of key operators, thus contributing to the leakage of retail spend.
- E3.25 Brierley Hill/Merry Hill has exhibited a degree of “retail stress” in the embargo period. Existing retailers have been unable to adapt their floor space efficiency and operators and potential new retailers have been dependent on the vacation of existing units, which in cases have not proved wholly suitable for their operational needs.
- E3.26 Despite a strong and sustainable management regime at Brierley Hill/Merry Hill, vacancy rates are now abnormally high. The planning uncertainty as to the principle of growth and adaptation has been a detriment to re-occupation.
- E3.27 The absence of a major department store as a catalyst has also been a contributory factor.
- E3.28 The role of Brierley Hill/Merry Hill has been a key strategic contribution to local and Black Country regeneration, bringing office, retail and leisure jobs and the commencement of residential interest. The existence of the Brierley Hill Strategic Partnership (BHSP) has facilitated local skills development and recruitment.
- E3.29 The growth of Brierley Hill/Merry Hill as a regeneration catalyst is projected to include 12,000 to 14,000 new jobs largely in the office sector. The retail growth of the centre is in itself a major attractor for office investors, and growth in both sectors will be a precondition to encouraging A/B household growth in the locality and Dudley as a whole.
- E3.30 The job growth is essential in the context of self-sufficiency and sustainability to provide a fit with A/B household retention and attraction. It is also essential in counterbalancing the likely reduction in manufacturing jobs, this sector having been a traditional economic strength in Dudley.

- E3.31 Current evidence from the BHSP demonstrates (through the Regeneris report: Economic Impact of the Expansion of Brierley Hill/Merry Hill: Regeneris, April 2006) the relatively localised workforce catchment for Merry Hill with a strong Dudley and West Sandwell emphasis.
- E3.32 The risk of Brierley Hill/Merry Hill not expanding includes the consequential loss of potential jobs to add to diversification, counterbalancing manufacturing losses and providing jobs for an increased population.
- E3.33 Failure to provide these jobs not only prejudices these objectives. It also encourages reliance on jobs outside the area with consequential travel and thus negative sustainability impacts.
- E3.34 The Black Country Local Authorities have agreed that Brierley Hill/Merry Hill should contribute to retail and office growth in a compatible manner to growth in the other three strategic centres (28% of the growth apportioned to the four centres collectively to both 2021 and 2031).
- E3.35 The report from White Young Green (May 2006) confirms that the other three centres, whilst having potential physical capacity to grow and make their own contributions to retail and office needs, would not realistically be able to absorb the level of growth currently apportioned to Merry Hill. Whilst physically they may in time be capable of town centre expansion to grow even further, in market terms this would be unrealistic (e.g. any assumption that a large proportion of Dudley residents would travel to Walsall and West Bromwich for comparison shopping).
- E3.36 Failure for Brierley Hill/Merry Hill to expand would leave Dudley as a Borough of over 300,000 without a strategic centre. This loss would intensify retail leakage and the inevitable increase in car travel by Dudley residents to other centres. Such a requirement of local people would inevitably reduce the area's attractiveness for A/B households and thus prejudice other key objectives of the Black Country Strategy.

RISK TO OTHER STRATEGIC BLACK COUNTRY CENTRES

- E3.37 The various relevant consultants reports (GVA 2005; Chase 2006) pinpoint that the scale of projected growth in offices will be a major challenge, requiring a major increase in investor and occupier confidence particularly in Walsall and West Bromwich, both starting from a "lower base" for future growth.
- E3.38 The competitive nature of retailing and the office market both affect the position of these two centres relative to each other, Wolverhampton, Brierley Hill/Merry Hill, Birmingham and other competing centres.
- E3.39 The Consortium have sought to ensure that whilst Brierley Hill/Merry Hill should become one of its four strategic centres, its continuing growth should be complementary to, and not prejudice either growth or regeneration in the other three centres or smaller centres.

- E3.40 Proposed RSS Phase One Revision allows for this. However, the Black Country is at risk of further leakage of retail spending if Walsall, West Bromwich and Wolverhampton fail to fulfil the scale of retail and office growth to contribute to meeting both catchment area requirements and those of the sub-region as a whole.
- E3.41 Monitoring the strategy performance against the success of centres regeneration and growth will assist the four boroughs to determine how far the agreed apportionment of growth should be re-appraised.
- E3.42 The White Young Green, and Graham Chase & Partners reports emphasise that the destiny of Walsall and West Bromwich in particular is, in part, in the hands of those boroughs as well as the four boroughs as a whole.
- E3.43 The Black Country can ill-afford to continue to experience increased leakage of retail expenditure, if for whatever reason one or other of these centres fails to match its growth requirements. The Boroughs will need to monitor and re-phase possible reapportionments of growth to avoid this risk becoming reality.
- E3.44 It is important that local authorities work in partnership to encourage and develop a polycentric and balanced network of centres within the City Region and wider West Midlands Region, working towards the Black Country retaining its market share. It will be particularly important to develop a complementary relationship with Birmingham City Centre. The RSS Phase Two Revision will be identifying the investment priorities within the Region's strategic network of centres, this should take into account the results and objectives of the Black Country Study.
- E3.45 Over-emphasis upon continuing retail and office growth of Birmingham City Centre without parallel and early growth in the four Black Country Strategic Centres would accelerate the leakage of retail expenditure from the Black Country. It is important that the sub-region's centres are enabled to meet the past trends in net out-migration. The early completion and implementation of masterplans for each of the Black Country Strategic Centres will be a critical part of this.
- E3.46 In this respect, the attractiveness of sub-regional centres and their prosperity is central to the strategy for the Black Country.