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**Meeting of the Cabinet - 20<sup>th</sup> March 2024**

**Report of the Director of Regeneration and Enterprise and the Director of Environment**

**Proposal to accommodate the Eton/Star Academies College in Stafford Street, Dudley**

**Purpose of report**

1.
  - To inform Cabinet that the proposal for the Star Academies/Eton project will no longer be located on Castle Street (and therefore work on gaining vacant possession will cease savings disposal costs).
  - For Cabinet to approve the actions required to dispose of Council land at Stafford Street, Dudley for the purposes of the Eton/Star Academies proposal to create a new college.

**Recommendations**

2. It is recommended:
  - That Cabinet note the costs, benefits and risks inherent in Star Academies' proposal.
  - The Cabinet endorses that the work to gain vacant possession on Castle Street will cease.
  - That Cabinet endorse the Director of Environment undertaking the work required to ascertain the impact on all town centre car parking provision and to identify possible solutions to remedy any shortfall this development would result in.
  - That Cabinet endorse the Director of Environment, to declare the site surplus and to implement work required to provide vacant possession of the site (including relocation of parking equipment).

- That Cabinet, subject to the above, endorse the Director of Regeneration and Enterprise, in accordance with the Council's Constitution, to commence work to dispose of Council owned land affected by the proposed College.

## **Background**

3. Star Academies is a mixed Multi-Academy Trust that runs a diverse network of primary and secondary schools across the Country. Their schools work together as Star Partnerships in five cluster areas – Lancashire, Greater Manchester, West Yorkshire, the Midlands, and London.
4. Eton College signed a partnership agreement with Star Academies with the intent of opening 3 selective sixth form colleges in the state sector in the next 5 years. These will be in Middlesborough, Oldham and Dudley.
5. We understand that each new college will admit 240 students per year and will offer educational and extra-curricular opportunities available to pupils at Eton College itself.
6. Each new college will be part of the Star Academies multi-academy trust and will focus their recruitment on young people on free school meals, in receipt of the pupil premium, or who live in particularly deprived areas.
7. Star Academies have submitted a funding bid through the Government's Free Schools programme to set up the new colleges and it was announced in August 2023 that this bid has been successful. This grant allocation covers the capital build costs only.
8. They initially identified a site on Castle Street, Dudley as their preferred location for a new college. This site required several tenant relocations, significant demolition, and the relocation of a substation. The Department of Education (DfE) will not cover the costs of these "abnormal" development costs (despite verbal assurance to the contrary) and to have continued with this site would have cost the Council anywhere up to £4m in actual cost and lost opportunity cost. After lengthy discussions between Star Academies, the DfE and DMBC the decision has been made to seek an alternative location. Star Academies/Eton have chosen Stafford Street car park.
9. The site, and the area required, are shown at Appendix 1.

## Proposed way forward

10. The DfE are keen to see all three facilities open at the same time and they are targeting an open date of September 2027.
11. Written confirmation will be sought from DfE and Star Academies confirming the only contribution from the Council will be the provision of the land for the take up of the proposed college and that should for any reason the college not proceed as proposed, then the land will revert back into Council ownership.
12. The Council has established a working group of officers and work in progress includes:
  - Draft Heads of Terms for a lease) is being developed with support from Legal Services. The Academies Act 2010, states that an academisation of an existing or former school is usually based on a 125-year lease to the Academy on a peppercorn basis. However, it should be noted that the site at Stafford Street is not/nor has been an educational site.
  - Work to ascertain overall parking provision in the town centre, the demand and what further steps may be required to ensure adequate and appropriate provision (short and long stay).
  - Consideration of relocation of the parking equipment. (Please note the EV chargers are approaching end of life and are planned for decommission once the new EV supplier's role out starts in 2024/25).
  - Subject to the final position of the college there may be a need to demolish the public toilets on the boundary of the car park. The costs of this demolition would need to be subject to a conversation with DfE and have not been discussed so far, pending confirmation of the exact land take required, and at which end of the car park the building is to be located.
13. Declaration that the site is surplus and authority to dispose of the land to Star Academies will need to be prepared in advance of the transfer.
14. The work to gain vacant possession of Castle Street will cease and Dudley Council Plus will remain located in its current premises.

15. In regeneration terms there is a more cogent argument for the location of the college at Castle Street/Tower Street in terms of accessibility and connectivity, given its proximity to the new Interchange. However, the announcement of the Longer-Term Plan for Towns in October 2023 which will focus on the area between the attractions at Castle Hill and Top Church means the Stafford Street site provides an anchor location and the footfall of students moving from the site to the local transport nodes (Interchange and metro stop at Flood Street), is potentially significant. If this new build is supported by public open space, active travel and connectivity, and public realm improvements between the two ends of the town there is scope for positive regenerative benefits to result.

## **Finance**

16. At the end of financial year 2021/22, an earmarked reserve of £250,000 was created to fund the estimated cost at the time of all property related issues leading from this proposal. However, given the Council's current financial position and spending controls this reserve has been released, in order to fund the costs of interim staff in the current financial year.
17. It is not possible to currently estimate what the site is estimated to be worth, but this will be actioned as soon as the exact land take is known. This value is a lost opportunity cost to the Council, who is expected to provide the land at nil cost to the Academy (due to this being treated as an academisation). The DfE are being asked to confirm in writing that this is the sole contribution required from the Council given that no resource exists to fund any additional requirement.
18. Lost income to the Council in relation to the parking (income from tickets and fines) totals approximately £80,000 per annum. It is anticipated that this income will be redirected to the remaining town centre car parks.

## **Law**

19. It should be noted that there is no formal commitment from either Star Academies or the Department of Education and that the costs expended by the Council will be at the Council's risk until such time as either a lease/transfer or agreement to lease/transfer are entered into.

20. The Council will need to review the terms of any Academy Order that is issued by the Department of Education. It may require that the Council is to grant a lease on the Department for Education standard term of 125 years at a peppercorn rent. If this is the case, then the Council will not have to comply with the requirements to obtain best consideration as set out in S.123 Local Government Act 1972.
21. However, if the Council is obliged to comply with S.123 Local Government Act 1972 then the terms of the disposal will need to be considered to ensure that it follows the legislation and the Council's Constitution.
22. It should be noted that the proposed site is not currently held for education purposes and a report would be needed to appropriate the use of the site.

### **Risk Management**

23. Risks associated with the proposal are summarised below.
24. Financial:
  - The original £250,000 reserve is no longer available. There will be officer time costs and legal costs in the disposal transaction. There will be cost to relocate parking and charging equipment and a possible cost to demolish the public toilets
  - Once the review of parking has taken place there may be a need to make alternative provision elsewhere in the town (costs as yet unknown). Mitigation is maximising use of retained Tower Street Car park and use of Star site in evenings and weekends.
  - Loss of income to the Council from the loss of the short-stay and long stay car park at Stafford Street. Mitigating actions would include redirecting users to other car parks in the town centre, and potentially the provision of new car parking as part of the Longer-Term Plan for Towns Investment Plan.
  - Council transferring non-educational land into an Academy at nil value. Difficult to mitigate.
25. Timeline:
  - Alternative parking provision and removal of ancillary equipment before the site is transferred to DfE/Star.

### **Equality Impact**

26. No significant equality impacts are anticipated at this stage because of this proposal. The relocation of services/businesses will be considered in more detail but will reflect the wider needs of all relevant stakeholders.

27. Childrens Services are aware of and involved in the Council's work in responding to the Star Academies proposal. However, the work required by the Council as a result of it, (i.e., the work required to dispose of Stafford Street) does not directly impact on children and young people.

### **Human Resources/Organisational Development**

28. There are no direct HR/Organisational Development implications associated with this report.

### **Commercial/Procurement**

29. There are no direct commercial or procurement implications associated with this report.

### **Environment/Climate Change**

30. Since declaring a Climate Emergency in July 2020, the Council's strategy on reducing direct carbon emissions has been to reduce business travel, reduce energy demands, move to renewable energy systems, and improve the energy efficiency of our buildings. This will support the Council in reducing its own carbon footprint and help drive us towards our target to become a carbon net zero council by 2030. Subsequently all proposal opportunities for the Council should consider the following:

- Improve energy performance and make use of renewable technology
- Reduce carbon intensive activities such as those associated with travel
- Support a circular economy through waste minimisation and recycling
- Protect and enhance our local environment and green spaces.

31. **Considerations for Star Academies Eton proposal - to Improve energy performance and make use of renewable technology:**

A thorough environmental impact assessment should be conducted in due course, once detailed information about the project is available. However, throughout the design and planning process due consideration should be given to the following:

32. **Construction considerations:**

For new buildings, the embodied emissions from construction (from extraction of raw materials, transportation through to installation), make up a considerable amount of carbon emissions, associated with the new building over its entire lifecycle. To reduce the embodied emissions for the Star Academies Eton proposal, the carbon emissions associated with the building's construction should be measured, reduced and where possible offset to help achieve net zero carbon.

33. **Reducing operational energy considerations:**  
For long term energy use, in the Star Academies Eton building, consideration should be made to reduce energy demand and consumption, alongside on-site renewable energy sources that should be prioritised within the budget available.
34. Consideration at the design stage should be made to reduce energy demand and consumption. Design considerations should make use of natural light and natural ventilation, supported by using efficient services throughout and a highly insulated building fabric, for example using the Passivhaus design model.
35. Building systems should be appropriately sized to limit over-engineering. Smart energy/ building management systems should be incorporated. Once energy consumption is reduced using PassivHaus methods, the use of on-site renewables should be considered, such as a Solar PV system and Air/Ground Source Heat Pumps.
36. The above approach is in line with the United Nations, Sustained Development Goal 13 – which focuses on climate action.

### **Council Priorities and Projects**

37. As part of our response to external reviews and audits, the council is focussing on an Improvement and Sustainability Programme. The current council plan which was due to run from 2022-2025 has been paused to allow a new one-year plan to be developed. The new plan will reflect our focus on improvement and financial sustainability. The new plan which will be effective from 1st April 2024.
38. The new Eton will however provide children and young people with the best possible start in life by ensuring quality education, new skills, apprenticeship training and job opportunities are accessible to all.
39. This will also work towards our partnership Borough Visions 2030 – forging a future for all, where everybody has the education and skills they need, and where outstanding local schools, colleges and universities secure excellent results for their learners”.



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## **Appendices**

**Appendix 1 – Block plan indicating site of Proposed College**

**Appendix 2 – Summary of site issues, costs (where known) and risks**



## Appendix 2 – Summary of site issues, costs (where known) and risks

<b>1 – Loss of Capital receipt for land</b>	
Issues: As this is considered an academisation there is no capital receipt. The mitigation is the potential regeneration benefits the development will bring that compensate in other ways such as support for local businesses in the town centre.	
Costs: cost of land valuation	
Risks: High	
<b>2 – insufficient Car Parking in Town Centre</b>	
Issues: the car park currently has 236 spaces and the number to be lost to this proposal is unknown. Mitigation may include consideration of additional parking provision on Tower Street via the Longer-Term Plan for Towns programme. It may also be possible to use the facilities car park out of hours.	
Costs: Too few car parking spaces or the wrong spaces (in terms of designation such as short or long stay, or in a less convenient location) may prevent people from using the town, impacting on its vitality and viability.	
Risks: Medium	
<b>3 – Ensuring students use the town centre and full regeneration benefits are felt.</b>	
Issues: the site is further out of the town centre than Castle Street. There is a need to link students to public transport (Metro stop at Flood Street and Interchange) and to encourage footfall into the town centre to support its vitality and viability. Mitigation is the development of way finding, improvement of Inhedge Gardens and routes to the town and improved public realm funded via LtPFT programme.	
Costs: TBC	
Risks: Medium	
<b>4 – Car Parking (Tickets and Fines)</b>	
Issues: Loss of revenue income from parking. Mitigate by redirecting to other town centre car parks.	
Costs: £80k pa	
Risks: Low	
<b>5 – Demolition of public toilets</b>	
Issues: if the new college is located on the area of the car park occupied by the disused toilets there will be demolition costs which are normally considered by DfE as abnormal that are covered by the Council. This is open to negotiation with DfE and would be a significantly lower cost than those associated with Castle Street/Tower Street.	
Costs: TBC	
Risks: Low	