

## **BROMSGROVE DISTRICT COUNCIL**

**Cabinet**  
**2022**

**19 January**

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### **Levelling Up Fund: former Market Hall and Windsor Street sites**

Relevant Portfolio Holder	Councillor Karen May, Leader of the Council and Portfolio Holder for Economic Development, Town Centre and Strategic Partnerships
Portfolio Holder Consulted	Yes
Relevant Head of Service	Ostap Paparega, Head of North Worcestershire Economic Development and Regeneration (NWEDR)
Report Author	Job Title: Ostap Paparega, Head of NWEDR Contact email: ostap.paparega@nwedr.org.uk Contact Tel: 01562732192
Wards Affected	Bromsgrove Central Sanders Park
Ward Councillor(s) consulted	Yes
Relevant Strategic Purpose(s)	Run and Grow a Successful Business
Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	
This report contains exempt information as defined in Paragraph(s) of Part I of Schedule 12A to the Local Government Act 1972, as amended	

#### **1. RECOMMENDATIONS**

**The Cabinet RESOLVE that:**

- 1) Authority is delegated to the Head of North Worcestershire Economic Development and Regeneration (NWEDR), in consultation with the Section 151 Officer, the Head of Legal, Democratic and Property Services and the Portfolio Holder for Economic Development, Town Centre and Strategic Partnerships to purchase the former Fire Station site at Windsor Street, Bromsgrove.**
- 2) The LUF programme governance and delivery arrangements are approved, as shown in Appendix 3.**
- 3) A new Programme Manager post is created in the NWEDR service to manage the delivery of the LUF programme.**

#### **2. BACKGROUND**

- 2.1 In March 2021, the government had launched the Levelling Up Fund (LUF), whose aim was to support high value local investment priorities, including local transport schemes, urban regeneration projects and cultural assets. The amount of funding that each area receives was 'determined on a competitive basis to ensure value for money' (HM Treasury, MHCLG, DfT, *Levelling Up Fund: Prospectus*, 2021).
- 2.2 The LUF Prospectus included an index that placed local authorities into category 1, 2 and 3, with category 1 representing places with the highest levels of need identified by the government. Bromsgrove was designated a category 2 area. While preference was given to bids from higher priority areas, bids from categories 2 and 3 were still considered for funding 'on their merits of deliverability, value for money and strategic fit, and could still be successful if they were of exceptionally high value' (HM Treasury, MHCLG, DfT, 2021).
- 2.3 In June 2021, North Worcestershire Economic Development and Regeneration (NWEDR) submitted a bid on behalf of Bromsgrove District Council (BDC) for a £14.5m Levelling UP Fund grant. In total, 305 bids competed for the hundred places available for funding in Round 1.
- 2.4 In November 2021, the government approved the Bromsgrove LUF bid. This brings the total external grant funding (Future High Street Fund, Towns Fund and Levelling Up Fund) secured by NWEDR for North Worcestershire projects since 2019 to £70m. NWEDR leads the delivery of these projects on behalf of Bromsgrove DC, Redditch BC and Wyre Forest DC.
- 2.5 The Bromsgrove LUF grant will fund the regeneration of two prime town centre brownfield sites which have been vacant/stalled for 17 years collectively and will not come forward without public sector intervention.
- 2.5.1 *Project One: former Market Hall Site* – redevelopment of the site to create a vibrant new commercial and cultural hub for the town centre and regenerate a key brownfield site in the heart of Bromsgrove that has been vacant for over a decade before the BirdBox meanwhile use project was delivered on the site in 2020. Appendix 1 shows the site development red line.
- 2.5.2 *Project Two: Windsor Street Site* – acquisition, demolition, remediation and site clearance of this brownfield site, which has been vacant for six years. The proposals will remove the existing derelict buildings to make way for a new development that could deliver a key town centre residential-led mixed use development. Appendix 2 shows the site development red line.

2.6 The two projects will also deliver associated public realm improvements on the High Street South and Chapel Street, helping to improve accessibility and connectivity between the sites and within the town centre.

2.7 The projects complement each other and represent a coherent set of interventions, as part of a holistic approach illustrated in Figure 1, by addressing the following common objectives:

- regeneration and repurposing of two prime town centre sites by introducing new uses (commercial, residential and leisure) other than retail;
- increase town centre footfall by bringing more people to work, live and spend time in the centre;
- improve town centre accessibility for pedestrians through public realm improvements and better connectivity between the former Market Hall site, Windsor Street site and the High Street

Figure 1



2.8 The LUF projects must be delivered by 31 March 2024. If, for whatever reason, the projects are not completed by then, the council may lose the

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unspent grant and may have to cover the remaining works from its own funds or other external funding sources.

Project 1: Former Market Hall site – current status

2.9 The former Market Hall site is the flagship proposal in the LUF programme. A feasibility study for the site redevelopment was prepared in 2020 by A R Urbanism (A R Urbanism, 2020), which appraised several redevelopment options, including their financial viability. None of the options tested have proven to be commercially viable.

2.10 The A R Urbanism report formed the basis of the LUF proposal for the former Market Hall site, which will involve a full redevelopment of the site that will deliver a range of uses, including, but not limited to: flexible office space; start-up space (business incubation); office space; multi-purpose event space; art gallery & exhibition space and food & beverage. Currently, the site hosts the BirdBox.

2.11 The BirdBox is a meanwhile use project which was completed in July 2020 and launched in August 2020. The project objective was to create a multi-purpose *temporary* (meanwhile) destination that would attract large number of people to events and activities delivered on the site, as approved by the Cabinet on 15 January 2020. The Covid-19 pandemic has limited significantly the scope and extent of events and activities that were organised on the site. Nonetheless, the site has been used more in 2021, as the Covid-19 restrictions started to be relaxed.

2.12 The BirdBox won the Regeneration Project of the Year Award at the West Midlands Property Awards 2021 and was Highly Commended in the Conservation & Regeneration Award category at the Constructing Excellence Midlands Awards 2021.

Project 2: Windsor Street site – current status

2.13 The site has been empty and in a relative state of dereliction for the past six years. It is owned by the Herefordshire and Worcestershire Fire and Rescue Service (HWFRS) and Worcestershire County Council, as shown in Appendix 2: Windsor Street Site Redline Boundary).

2.14 Conversations with HWFRS regarding the potential purchase of the former Fire Station by BDC have been held pre-LUF submission with both parties agreeing to instruct site valuations and progress with the site sale/purchase once a decision on the LUF bid was made.

2.15 In June 2021, Savills prepared a valuation for the site, which was included in the LUF bid.

2.16 In October 2021, a multi-disciplinary professional team was appointed jointly by BDC and WCC to prepare a feasibility study (ground

investigations, RIBA Stage 2 designs, market assessment and viability appraisal) for the entire Windsor Street site (former Fire Station and WCC premises). Figure 2 shows the redline of the study area, which includes the former Fire Station site (0.98 acres) and former Worcestershire County Council offices and library (0.75 acres).

2.17 The feasibility study, which is funded by the One Public Estate (OPE) programme and is envisaged to be completed in March 2022, will inform the scope of the works (demolition, site clearance, pre-development works) that will be delivered a part of the LUF programme between 1 April 2022 and 31 March 2024.

2.18 In November 2021, Savills were appointed to act on behalf of BDC on the purchase of the former Fire Station site. As the purchase is funded by the LUF grant, it can only be completed after the first tranche of grant had been paid into BDC's account. This is likely to be February 2022.

Figure 2



**2.17 Levelling Up Fund indicative timetable:**

- LUF Project Management Update to DLUHC by 24 November 2021
- Inception meeting with DLUHC on 15 December 2021
- Memorandum of Understanding (MoU), the grant funding agreement, to be issued by DLUHC in January/February 2022

- Overview and Scrutiny Board (Levelling Up Fund – former Market Hall and Windsor St Cabinet report) – 11 January 2022
- Cabinet meeting (Levelling Up Fund – former Market Hall and Windsor St report) – 19 January 2022
- First tranche of grant funding paid to BDC – February 2022
- Purchase of former Fire Station completed – end of Feb/Mid-March 2022 (depending on when the grant is paid into BDC's account)
- Appoint contractor (former Market Hall site) – summer 2022
- Appoint contractor (Windsor Street site) – autumn 2022
- Project completion (both sites) – March 2024

### **3. FINANCIAL IMPLICATIONS**

#### Match-funding

3.1 The council has committed to contribute £1.6m of its own funds as match funding. This is a LUF programme requirement.

#### Acquisition of former Fire Station site (Windsor Street)

3.2 The acquisition costs for this site are covered by the LUF grant. The council may incur maintenance and site security costs for the period of time after the purchase and before site demolition. These costs will be identified during the acquisition negotiation.

#### Programme Manager post

3.3 It is recommended that a Programme Manager (Delivery Manager) post is created within NWedR to manage the day-to-day delivery of the LUF programme and other projects, as necessary. The post will be line-managed by the Head of NWedR who is also the Senior Responsible Officer (SRO) for the LUF programme.

3.4 There is an option to capitalise the salary costs for this post between 1 March 2022 and 31 March 2024 and therefore fund them from the LUF programme, subject to LUF grant conditions and S151 Officer approval. However, post 31 March 2024, this post will have to be funded from other sources (i.e. council own funds or other external funds) should the council decide to retain the role.

#### Overall development risk

3.5 As the accountable body for the delivery of the LUF programme, the council holds the overall development risk, including the responsibility to cover project cost overruns to ensure the successful completion of the programme. This risk has been identified as a key risk in section 7 (Risk management).

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**4. LEGAL IMPLICATIONS**

**Memorandum of Understanding (MoU)**

4.1 There will be several legal implications arising from the MoU, which will set out the grant conditions, clawback clauses and council's obligations. The MoU will be issued in January 2022.

**Former Fire Station site**

4.2 There may be legal implications following the acquisition of the former Fire Station site in terms of statutory land remediation requirements. These will be assessed as part of the feasibility work undertaken in January-March 2022.

**5. STRATEGIC PURPOSES - IMPLICATIONS**

**Relevant Strategic Purpose**

5.1 This project supports the following Strategic Purposes and Priorities:

Strategic Purposes: Run & grow a successful business; Affordable & sustainable homes; Communities which are safe, well-maintained and green

Priorities: Economic development and regeneration; a balanced housing market

**Climate Change Implications**

5.2 Through the redevelopment of the sites, energy efficiency measures and Low and Zero Carbon technologies will be explored and may be introduced with a view to reduce operational energy consumption and the associated carbon emissions. Specific solutions and targets will be explored as the designs are progressed and a 'green premium' is included in the cost plan to account for any additional costs that may be incurred as a result.

**6. OTHER IMPLICATIONS**

**Equalities and Diversity Implications**

6.1 There are no equalities and diversity implications.

**Operational Implications**

6.2 The delivery of the LUF programme has significant operational implications in terms of project governance, delivery arrangements, capacity, resourcing and capabilities.

6.3 The delivery timescale is extremely challenging, particularly on the former Market Hall site. Ensuring that NWedR has the appropriate capacity and capabilities to deliver the scheme is a critical success factor. The Head of NWedR has previous experience of delivering major employment, residential, commercial and infrastructure projects and is the Senior Responsible Officer (SRO) for the LUF programme. In addition, it is proposed that a new Programme Manager (Delivery Manager) role is created to manage the delivery of the programme on a day-to-day basis. The role will be line-managed by the Head of NWedR.

6.4 The project governance and delivery arrangements are shown in Appendices 3 and 4. The delivery will be supported by a range of external appointments, including:

6.5.1 A development management firm, which will be procured to support the Programme Manager with the day to day project management of these schemes and act as the employer's agent/contract administrator.

6.5.2 A range of external professional support to be appointed through the appropriate procurement processes. This support may include, but is not limited to: design teams; planning consultants; cost consultants; structural and services engineers and commercial real estate consultants.

6.6 A contractor procurement strategy for the former Market Hall site has been commissioned and will be completed by the end of January 2021.

**Operational implications post March 2024**

6.7 In parallel with the delivery of the physical development, the council will need to agree operational arrangements (management model) for the new facility (commercial and cultural hub) on the former Market Hall site post 31 March 2024. For example, the council may decide to outsource the management of the new facility to an established operator; form a joint venture with a partner to manage the new development (which could be for-profit or a social enterprise) or set-up an arms-length council owned company to run the new facility.

6.8 Initial research, which will be completed by the end of February 2022, has been commissioned to:

6.8.1 Produce a report on best practice examples of multi-use creative facilities to include the design, offer, programming and operational model.

6.8.2 Present/test these best practices to/with the local creative and entrepreneurial community via a stakeholder engagement process.

6.8.3 Analyse the outcomes of the engagement process and produce a top line vision based on the findings and intelligence gained from the local community.

6.9 The top line vision will then be developed into a comprehensive proposal together with a five-year business plan to be commissioned in summer 2022.

## **7. RISK MANAGEMENT**

7.1 The key risks are outlined in Table 1. The risks assessment matrix is shown in Appendix 5.

**Table 1**

	<b>Description</b>	<b>Probability</b>	<b>Impact</b>	<b>Severity</b>	<b>Mitigation</b>
1	<b>Project cost overruns</b> Construction costs have increased by 23.5% in the year to September 2021 (BEIS,2021)	5	3	15 (intolerable)	Cost monitoring on a quarterly basis.  Design & Build contract for the former Market Hall site redevelopment, which will transfer the cost and programme risk to the contractor.  A project contingency to be created and accessed only as a last resort.
2	<b>Remediation costs are higher than budget allocation</b>	3	3	9 (tolerable)	Remediation costs have been budgeted for in the LUF programme. There is still a

	There is grant funding allocated for remediation and demolition costs. A more accurate figure will be provided by the feasibility study in February/March 2022.				possibility that these costs could be covered by the grant on 100% basis.  Set a cap on the council's contribution towards remediation costs.
3	<b>Delivery risk (capacity/resource)</b> NWedR does not have the required level of resources, capabilities and capacity to deliver the programme.	3	5	15 (intolerable)	Create new Programme Manager (Delivery Manager) post to manage the day-to-day delivery.  Appoint relevant professional teams to support the Programme Manager.
4	<b>Loss of grant funding.</b> LUF grant funding must be spent by 31 March 2025. This means that all works that are being funded by the LUF grant must be completed by then. The cost of any works that will be completed after 31 March 2025 must be covered by the council or other external sources.	2	5	10 (undesirable)	Strict monitoring of programme delivery.  Risk to be transferred to the contractor through the Design & Build contract. Given the extremely tight delivery timescale, the contractor may require that the council shares some of the risk.  A project contingency to be created and accessed only as a last resort.

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5	<b>Full or partial grant clawback.</b> Failure to complete the project by 31 March 2025 may trigger the full or partial grant clawback.	3	5	15 (intolerable)	Ensure NWedR has appropriate capacity, resources and capabilities to deliver the project on time.
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**8. APPENDICES and BACKGROUND PAPERS**

Appendices

Appendix 1 – Former Market Hall Site Redline Boundary

Appendix 2 – Windsor Street Site Redline Boundary

Appendix 3 – LUF Programme governance

Appendix 4 – LUF Programme Board and Delivery Team Terms of Reference

Appendix 5 – Risk assessment matrix

Background papers

A R Urbanism (2020), *Bromsgrove Town Centre Regeneration Part B Options Report* [Online] Available at [A R Urbanism report](#)

HM Treasury, MHCLG, DfT (2021), *Levelling Up Fund: Prospectus*. [Online] Available at [Levelling Up Fund: prospectus - GOV.UK \(www.gov.uk\)](#)

UK Government (2021), *Levelling Up Fund – Technical note* [Online] Available at [Levelling Up Fund: additional documents - GOV.UK \(www.gov.uk\)](#)

UK Government (2021) *Levelling Up Fund: explanatory note on the assessment and decision-making process*. [Online] Available at [Levelling Up Fund: explanatory note on the assessment and decision-making process - GOV.UK \(www.gov.uk\)](#)

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**9. REPORT SIGN OFF**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder		
Lead Director / Head of Service		
Financial Services		
Legal Services		
Policy Team (if equalities implications apply)		
Climate Change Officer (if climate change implications apply)		