
**LEVELLING UP UPDATE ON WINDSOR STREET CONTRACT AND
MARKET HALL DEVELOPMENT - BROMSGROVE TOWN CENTRE
REGENERATION**

Relevant Portfolio Holder		Councillor Sue Baxter Councillor Karen May
Portfolio Holder Consulted		Yes
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Wards Affected		Central
Ward Councillor(s) consulted		No
Relevant Strategic Purpose(s)		Run & grow a successful business Sustainability Communities which are safe, well- maintained & green
Non-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) 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended in Appendices A to C and F		

1. RECOMMENDATIONS

Cabinet is asked to note the challenges and work done to date detailed within this report and to RESOLVE to approve:

- 1) The appointment of City Demolition for the** demolition of existing buildings and associated site remediation, removal of existing redundant services and utilities.
- 2) A 10 week extension** in the Market Hall Pre Construction Service Agreement (PCSA) in order to fully validate costs.

2. BACKGROUND

- 2.1 The report sets out progress on the Levelling Up projects being delivered in the Town Centre. Levelling Up project reports have been

reviewed 5 times by either Cabinet or Overview and Scrutiny since the original design document was presented in early 2022 namely:

- Bromsgrove Town Centre Regeneration – Cabinet, 14th February 2024
- Bromsgrove 2040 Vision, Cabinet 12th July 2023
- Market Hall Proposal – Cabinet 15th March 2023
- Market Hall Scrutiny – Overview and Scrutiny, 13th March 2023.
- Levelling Up Fund Update – Overview and Scrutiny, 24th October 2022.

2.2 This report seeks to update Members on the various stages of the project and the position to date.

3. OPERATIONAL ISSUES

Scheme Affordability

- 3.1 The Council applied for and was awarded £14.5m of Levelling up Funding. To maximise the outputs for the identified schemes the Council has set aside £1.6m of funding. This achieved an overall budget for the sum of £16.1m.
- 3.2 Members will be aware that the conditional timescales allotted to levelling up funding are challenging and as a result the Council applied for and was granted a six-month extension through the Department for Levelling Up, Housing and Communities (DLUHC) Project Adjustment Request (PAR) process for the Market Hall element of the scheme.
- 3.3 The project has been challenging and that there have been a number of external factors that have influenced the programme delivery timescales and the overall cost envelope for the project. It is not unusual for costs to fluctuate through the design and build process as unknown factors and market forces become more relevant. At present the combined projects are projected to be £1.769m overspent. A detailed breakdown can be found at **Appendix A to this report**. Notwithstanding it is expected that the cost and value engineering process will result in this figure reducing to circa £1m.
- 3.4 In order for the project to proceed the Council must look to finance this gap and members are advised that this can be achieved either through debt financing or by making an application for the funding available through the now defunct Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) which members will be aware

currently hold £2.45m that is yet to be devolved to the Council through the winding up process.

- 3.5 There is an application process for this funding, and this is based on evidence of the outputs linked to projects. These funds are now held by Birmingham City Council on behalf of the 8 former members of the Greater Birmingham and Solihull LEP (GBSLEP). These funds were referenced in the Birmingham City Council Report to Cabinet dated 27th June 2023 where there is under Roles and Responsibilities

“The EZ Programme Management team oversees the development and delivery of projects alongside supporting the Council’s role as Accountable Body with management of the programme’s financial model including projects spends and uplift in business rates income. In delivering the programme of works in-line with the current EZ Investment Plan, the team works with project managers and sponsors to take the projects through the approval process and into delivery. “
To develop and implement the £20m Regional Investment Fund programme.

As required, oversee delivery of legacy funding programmes transferred from the GBSLEP, including investment decisions and change requests within its delegation.

Windsor Street Tender Process

- 3.6 This project is for the acquisition, demolition, decontamination and remediation of this key abandoned/ brownfield site, which has been vacant for 5 years.
- 3.7 The site was procured by the Council from the Fire Service and the County Council in March 2022.
- 3.8 MDA have been appointed as the Project Managers for the demolition and clearance of the Windsor Street site.
- 3.9 Members will be aware that the Council submitted a Planning Application for the demolition of existing buildings and associated site remediation, removal of existing redundant services and utilities. This planning application was approved on the 4th June 2024 – reference 24/00335/FUL.
- 3.10 A tender process was undertaken by MDA in the first quarter of 2024. Six contractors were approached to tender for the works following an

initial expression of interest via the Pagabo Framework. The Council received 4 completed tenders from tenderers.

- 3.11 The assessment of the responses to the quality questions together with the tender sum returns provided the best tender response from City Demolition with an overall score of 99%. For reference, the “second place” tender was £122k more expensive and had a slightly lower overall score of 95%.
- 3.12 It is therefore recommended that City Demolition are appointed.
- 3.13 Members are advised that works for the demolition of the site are expected to be completed before the end of this calendar year.
- 3.14 There have been queries from Worcestershire County Council with regard to the access to the Wendron Centre. In the land sale agreement, the driveway was written in to remain as a right of access for the County Council to enable access and egress for vehicles. This has been discussed with the County Council and as a result there will be an access road inside the site compound during the works to facilitate this.
- 3.15 It should be noted that the disconnection of the electricity supply to the site (cutting off the intruder alarm) has coincided with the warm and light evenings and as a result there has been a spike in vandalism at the Windsor Street site. The Police, the security company and minor works team have been required to attend site on a daily basis to attend calls identifying intruders and to reinstate the boarding to the building. This is currently incurring call out and boarding costs of £300-400 a day to mitigate these risks, which will fall away once demolition starts.
- 3.16 Members are advised that officers have made an application for Brownfields Clearance Finding to support the additional costs anticipated as a result of the interventions of the Environmental Agency– although following the receipt of the tenders these costs are now in line with budget. The outcome of this bid will be known at the end of the summer.

Public Realm Works

- 3.17 Worcestershire County Council are responsible for the design and delivery of the Public Realm element of the project given their statutory responsibilities. Examples of finish have been provided to Members. Final prices have now been agreed and linked to a Memorandum of

Understanding (MOU) that now exists between Bromsgrove District and Worcestershire Council Councils.

- 3.18 The Council entered into this MOU to ensure both parties are fully cognisant and sighted on the detail of the projects, the funding conditionality and timescales in respect of payments for the project. This is set out in **Appendix B** to this report.
- 3.19 Members are advised that the programme for construction started in April 2024. The application for one road closure in the Town Centre was approved and Members will be aware that this coupled with the current works being carried out on the A38 is having a significant impact on the flow of traffic through the Town Centre.

Market Hall Scheme Update

- 3.20 This project aims to regenerate a key brownfield site in Bromsgrove Town Centre by creating a vibrant new commercial and cultural hub on the former Market Hall site.
- 3.21 The Council appointed Kier in April 2024 to deliver the PCSA and submit a Cost Plan for the Council to review before entering into the main works contract. Following a review of the project and the existing design, Kier submitted their initial Cost Plan in May 2024 which **identified a potential large overspend.**
- 3.22 As a result officers have worked through a number of options for members consideration. These are set out in **Appendix C.**
- 3.23 Recognising the challenges it is recommended therefore that a 10-week extension be granted to the existing PCSA programme to allow Kier and the BDC client team, planning etc., to fully explore the impact of the potential Value Engineering (VE) savings.
- 3.24 In order to enable the challenging timescales to be met members are advised that Kier have presented the potential VE savings to the BDC project team and have started discussions with BDC planning. If the extension to the PCSA is instructed, further discussions will take place with the aim of agreeing what VE items will be accepted.
- 3.25 Following the 10-week extension to the PCSA, and an agreed VE position, it is proposed that Kier will submit their forecast final account

by the end of August 2024. The updated time-plan is set out in **Appendix D**.

- 3.26 If changes require an additional planning application, consultation will need to continue in parallel with the planning process with local traders and the Ward Councillor.

4. FINANCIAL IMPLICATIONS

- 4.1 The financial implications are set out in 3.1 to 3.4 and in **Appendix A**.
- 4.2 The S151 Officer signs off an assurance statement to DLUHC on a quarterly basis updating on progress.
- 4.3 An updated position on movement on the Covenant issue is set out in **Appendix F**.

5. LEGAL IMPLICATIONS

- 5.1 There are legal implications arising from the contracts between the council and various with third parties (consultants and contractors). They are specific to each contract and assessed by the council's legal team. In addition, external legal support has been secured on specialist aspects such as the novation of the architect to the contractor.

6. OTHER - IMPLICATIONS

Relevant Strategic Purpose

- 6.1 This project supports the following Strategic Purposes and Priorities:
Strategic Purposes: Run & grow a successful business: Communities which are safe, well-maintained and green.
- 6.2 Priorities: Economic development and regeneration; a balanced housing market.
- 6.3 The regeneration project at the former market hall site provides work space and will enhance the vitality and viability of the town centre with the extra food and beverage offer and the community space.

Climate Change Implications

- 6.4 Through the redevelopment of the site, 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 targets. Specific solutions and targets will be explored as the designs are progressed as well as a commitment to achieving a minimum Building Research Establishment Environmental Assessment Methodology (BREEAM) 'very good' rating on this site.

Equalities and Diversity Implications

6.4 There are no specific equalities and climate change implications.

7. RISK MANAGEMENT

7.1 As part of the governance and reporting requirements a risk register has been produced for the sub projects. This committee was provided with Risk Updates for each of the projects in early May. These are set out in Appendix G

7.2 Risks have been mitigated significantly in terms of the Windsor Street and Public Realm elements:

- The Council are approving as part of this report a tender for the demolition and remediation of the Windsor Street site which is only slightly above budget following a protracted process of design requirements with the Environment Agency. Risks will be updated once the contract is signed.
- The Council have a defined MOU with the County Council which is an appendix to this report, significantly under budget, for the delivery of Public Realm improvements.

7.3 The key risks that still remain relate to the Market Hall process which is still in the final design phase with value engineering now taking place. There are a number of Risks, still be progressed through the final design and tender with Kier, are cost increases and the finalisation of the design for the buildings.

8. APPENDICES and BACKGROUND PAPERS

Appendix A – Detailed Financial Analysis as at July 2024 - **Exempt**
Appendix B - Memorandum of Understanding between the County Council and Bromsgrove Council for the delivery of the Public Realm Works - **Exempt**
Appendix C – Market Hall Options - **Exempt**
Appendix D – Time Plan with 10 Week Delay
Appendix E – Time Plan with Community Use moved to the main building

BROMSGROVE DISTRICT COUNCIL

Cabinet
2024

17^h July

Appendix F – Covenant Update - **Exempt**
Appendix G – Risk Updates