

Overview and Scrutiny Board

11th Feb 2025

LEVELLING UP REPORT – BROMSGROVE TOWN CENTRE REGENERATION

Relevant Portfolio Holder	Councillor Sue Baxter Councillor Karen May
Portfolio Holder Consulted	Yes
Relevant Head of Service	Rachel Egan – Assistant Director Regeneration & Property
Report Author	Job Title: Assistant Director, Regeneration and Property email: Rachel.Egan@bromsgroveandredditch.gov.uk
Wards Affected	All
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, B and C	

1. **RECOMMENDATIONS**

Overview and Scrutiny Board is asked to note the work undertaken to date detailed within this report and to RESOLVE to:

- 1) Note the update on the progress of the Levelling Up Fund projects.**
- 2) Agree that Public Realm updates will no longer be included in reports due to the status of the project.**

2. **BACKGROUND**

- 2.1 A report was presented to the Overview and Scrutiny Board in November 2024 providing updates on the progress at the Former

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Market Hall site, Windsor Street site and public realm improvements. The report also gave operational updates.

2.2 Levelling Up schemes have been reviewed at the following meetings:

- Bromsgrove Town Centre Regeneration (O&S November 2024)
- Bromsgrove Town Centre Regeneration (Cabinet and O&S September 2024)
- Bromsgrove Town Centre Regeneration (Cabinet and O&S July 2024)
- 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)

2.3 This report seeks to update and recommend to Members:

- Progress on all the schemes.

3. **PROJECT UPDATES**

Windsor Street Update

- 3.1 As of the 15th of January, all the buildings on the site have been demolished. The removal of the gas pipe in November added a six-week delay to the project and incurred City Demolition's standing time costs which were agreed at circa £118,000.
- 3.2 Brownfield Solutions have sorted contaminated materials and installed monitoring wells as part of the remediation strategy. Ground water monitoring will commence in February 2025 and continue until mid-August 2025.
- 3.3 Whilst the gas pipe removal added a six-week delay to the demolition programme, the project is continuing to progress in line with timescales and remains to be on track to be delivered by January 2026. This is due to time saved during phase 2 of the project. In early 2026, the Council will have a clean site that is ready to be redeveloped.
- 3.4 Whilst the remediation strategy is executed during 2025, the project team will present options to Cabinet in early Summer 2025 with a view to develop the preferred option during the remainder of 2025. This may

include the procurement of a supplier to assist with the preparation and submission of a planning application and the appointment of a contractor so that construction can commence on site in 2026. Thomas Lister have been instructed to support the project team with the development appraisal that will form part of the options paper. The project manager has also met with Homes England to discuss potential funding opportunities.

3.5 The key risks affecting the project that now fall on the contractor are as follows –

1. Contaminated Land - further investigations will be required during the works.
2. Working adjacent to occupied buildings.

Public Realm Works

3.6 Members will be aware that Worcestershire County Council (WCC) are responsible for the design and delivery of the Public Realm element of the project given their statutory responsibilities. Final prices were agreed and linked to a Memorandum of Understanding (MOU) that now exists between Bromsgrove District and Worcestershire County Councils who are delivering the works.

3.7 Both the works on the High Street and on Chapel Street have now completed. An updated Risk Register can be found at **Appendix A**. Members should note that most of risks have been closed due to the status of the project.

3.8 The Council have requested a lesson learned workshop to be held with WCC.

Former Market Hall Site

3.9 Members will be aware that 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.

3.10 The main contract with Kier was signed on 29th October 2024 and they commenced the main construction programme in November 2024. Piling was completed at the end of December 2024 and groundworks have commenced in January 2025.

3.11 During the PCSA 'early works', significant quantities of ground obstructions were discovered leading to delays in the formal

commencement of the Main Contract. The main obstructions discovered comprised the following:

- a) Concrete ring beam under the former George House (Blockbuster building)
 - b) Former Market Hall reinforced concrete slab and foundations
- 3.12 Minor delays of six weeks have been incurred due to discovery of part backfilled wall adjacent to St Johns Street boundary and further obstructions at 4.5m beneath one of the Piles (despite pre-augering to 4.2m resulting in redesign of pile and pile cap).
- 3.13 Provisional sums and contingency are included in the project budget. Kier have submitted a loss and expense claim which is currently being reviewed by Arcadis QS. It is expected to cost within the region of £150,000 for the ground obstructions and delay to programme. However, there will be no increase in construction budget costs.
- 3.14 Kier have provided the cash flow forecast which can be found at **Appendix B**. Whilst the programme has a revised end date of January 2026, the LUF monies will be spent by the September 2025 deadline.
- 3.13 In January, the LUF Board agreed to directly appoint Arcadis to provide employer agent and quantity surveyor (QS) services for RIBA stage 5. Following a recommendation from the project manager, it was agreed that carrying out a procurement exercise would carry too much risk and another supplier may not provide a lower fee proposal. Due to the value of the contract, an urgent decision was taken. The additional fees, increased from the original fee budget from 2022 will not impact the overall fees and surveys budget as there was adequate contingency included.
- 3.14 A Clerk of Works has now been appointed on behalf of the Council and will carry out site inspections twice a month – once for building works and once for mechanical and engineering (M&E) works.
- 3.15 The project team have held a design meeting to agree the layout of the commercial building. It was agreed that the first and second floor office space would be split into two units following advice from local agents, GJS Dillon.
- 3.16 Following a procurement exercise, GJS Dillon have been appointed as the agents for the commercial building. They will prepare a marketing strategy and advertise the space as well as handle lettings on behalf of the Council. This was agreed by LUF Board members in December 2024.

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- 3.17 Innes England have now approached the two remaining beneficiaries of the restrictive covenant with an offer to agree to a release of the covenant. If accepted, there will be no restrictions on the Pavilion building regarding the consumption and sale of alcohol.

4. FINANCIAL IMPLICATIONS

- 4.1 The Council has obtained a six-month extension from government for the funding of the former Market Hall site to September 2025. Budgeted funding splits from the £16.103m total were:

- a) Market Street - £10.399m.
- b) Windsor Street - £3.471m.
- c) Public Realm High Street - £2.233m.

- 4.2 Estimated spending for the schemes (taking on board the County Council MOU totals and the tender amount for Windsor Street) give the following:

- a) Former Market Hall - £10.399m – contract now signed for £13.03 m which is a £2.635m overspend.
- b) Windsor Street -£2.795m (£3.490m less £722k Brownfields Grant plus Utilities delays £77k) which is a £0.676m underspend.
- c) Public Realm High Street - £1.686m – a £546k underspend.

The overall overspend is £1.453m which is higher than last reported (£1.413m) due to the Windsor Street utility issues.

- 4.3 It should be noted, there are contingencies and our Project Manager's view is that this figure can be reduced further by careful programme management.
- 4.4 The S151 Officer signs off an assurance statement that is sent to the Ministry for Housing, Local Government and Communities (MHCLG) on a quarterly basis updating on progress.
- 4.5 The project team are preparing an Expression of Interest to Birmingham City Council for the GBSLEP monies totalling £2.45m. Following the EOI being accepted, the project manager will prepare the full business case for submission. This money will be spent on the Former Market Hall project.

5. LEGAL IMPLICATIONS

- 5.1 There are legal implications arising from the contracts between the Council and various 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 Council Priorities

- 6.1 This project supports the following Council Priorities:
Council Priorities: Economic Development and Infrastructure.
- 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 Former Market Hall site, energy efficiency measures and Low and Zero Carbon technologies will be introduced with a view to reduce operational energy consumption and the associated carbon emissions targets. These include introducing U values better than Building Regulations Part L, mechanical ventilation with heat recovery (MVHR), natural ventilation where possible, utilising building thermal mass, high efficiency air source heat pumps and low energy LED lighting. The Former Market Hall site commits to achieving a minimum Building Research Establishment Environmental Assessment Methodology (BREEAM) 'very good' rating on this site.

Equalities and Diversity Implications

- 6.5 There are no specific equalities and diversity implications.

7. RISK MANAGEMENT

- 7.1 As part of the governance and reporting requirements, a risk register has been produced for the sub projects.

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8. APPENDICES and BACKGROUND PAPERS

Appendix A – Public Realm Project Risk Log (exempt)
Appendix B – Kier Cashflow Forecast (exempt)
Appendix C – FMH Key Risks (exempt)

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Sue Baxter Cllr Karen May (Leader)	24/1/25
Lead Director / Head of Service	Rachel Egan AD Regeneration and Property	24/01/25
Financial Services	Peter Carpenter	24/1/2025
Legal Services	Claire Green	24/1/2025
Policy Team (if equalities implications apply)	Not Applicable	N/A
Climate Change Team	Matthew Eccles	24/1/2025