

Overview and Scrutiny

2025

9th September

Windsor Street Site Delivery Options

Relevant Portfolio Holder	Councillor Karen May
Portfolio Holder Consulted	Yes
Relevant Assistant Director	Rachel Egan, Assistant Director Regeneration & Property
Report Author	Rebecca McElliott Job Title: Regeneration Project Manager email: Rebecca.mcellriott@bromsgroveandredditch.gov.uk
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Council Priority	Economic Development Housing
Key Decision – No	
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 – Appendix 3 and Appendix 4.	

1. RECOMMENDATIONS

That Overview and Scrutiny Board is asked to:-

- 1) Note the contents of the report.**
- 2) Consider and comment on the options for the delivery of housing on the Windsor Street site.**

2. BACKGROUND

- 2.1 Windsor Street is a key redevelopment site in the heart of Bromsgrove Town Centre. Once a derelict site left vacant since 2014 after Worcestershire County Council and the Fire Service moved to new premises, it faced persistent challenges with vandalism and anti-social behaviour. Thanks to intervention from the Council, the site will now be fully remediated and made ready for exciting redevelopment opportunities, helping to revitalise this central part of the town. A plan of the site can be found at Appendix 1.
- 2.2 Previous attempts to redevelop the site had been unsuccessful, due to both concerns around abnormal costs for decontamination and

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regarding the scale and design of the proposals which weren't supportable in planning terms. As a result, the public sector, through Bromsgrove District Council, have taken the lead by acquiring the site and looking to de-risk and provide for a viable development to be delivered. The site is identified in various adopted plans and strategies as offering a key redevelopment opportunity to provide new housing stock in a sustainable location in the heart of Bromsgrove Town Centre.

- 2.3 Bromsgrove District Council made a successful application to the Levelling Up Fund (LUF) for £14.5m. In the LUF application, it was stated that the project could enable the delivery of up to 60 high quality residential units in the town centre to help rebalance the residential market and subsequently increase footfall and dwell time in the town centre, strengthening the local economy. The total budget attributed to the Windsor Street site is £3,490,000.
- 2.4 In addition to the LUF funds, a further £84,000 was awarded from the UK Shared Prosperity Fund (UKSPF), £100,000 from the One Public Estate (OPE) programme and an additional £722,000 was secured from the Brownfield Land Release Fund (BLRF).
- 2.5 The Council have been able to secure the future of the site and bring it forward for redevelopment without any funding contribution from the Council. It has been solely funded by external funding partners.
- 2.6 Thomas Lister Surveyors were commissioned to review potential future uses of the site. They concluded that the redevelopment of the site for retail purposes is not likely to be commercially attractive and that office demand would be met by the Nailers Yard development. This advice, combined with the fact that BLRF funding must be used to accelerate the release of housing sites, means that the project team have only considered residential use on the site. If the site does not deliver housing, the BLRF funding (£722k) and OPE funding (£100k) would have to be repaid by the Council.

3. CURRENT POSITION

- 3.1 Bromsgrove District Council instructed City Demolition to undertake the demolition of the existing buildings on the site. Brownfield Solutions and Soilfix are implementing phase one of the remediation strategy to decontaminate the site.
- 3.2 Ground water monitoring wells have been installed. Phase one remediation will be completed by September 2025. If phase two remediation is required, the site will be fully remediated by February

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2026, at which point it can be redeveloped. Brownfield Solutions are currently in discussions with the Environment Agency to agree what, if any, remediation will be required under phase two. Based on results from phase one, it is likely that some further localised remediation treatment will be required.

4. DELIVERY OPTIONS

- 4.1 In early 2022, ONE Creative produced a feasibility study to consider the residential potential on the site. They considered three options which were refurbishing the existing buildings on site, delivering fifty apartments within two four storey buildings and delivery of twenty-nine two and three bed family homes. An indicative layout of the third option can be found at Appendix 2.
- 4.2 Option one is no longer deliverable as the existing buildings could not be retained due to asbestos. The second option was discounted because the Council's Conservation Officer had reservations as to the appropriateness of the scale and massing of the building adjacent to the grade II listed Chapel. In addition, Spadesbourne Homes have recently delivered 39 one-bedroom units at the Burcot Lane development which has reduced the demand for this type of accommodation. The strategic housing team have advised that the development should provide family accommodation of 2, 3 and 4-bedroom homes in line with current housing need.
- 4.3 There are three potential delivery options that have been considered as well as a do-nothing option for comparison. Thomas Lister were asked to provide a development appraisal for three options – dispose with outline planning permission to a private developer (A), dispose with outline planning permission to a RSL (B) and develop through Spadesbourne Homes (C). The only difference between option A and B is that a sale is likely to be at an undervalue to an RSL. Therefore, these have been considered as one option below (A). Following conversations with Group Leaders, the decision was taken to explore a partnership option which is listed as option C below but was not considered by Thomas Lister in the original development appraisal.

Option A – outline planning permission and disposal

- 4.4 Option A would involve the Council securing outline planning consent before marketing the site on the open market and inviting offers based on the consented scheme. The expected gross development value (GDV) can be found at Appendix 4. It would cost an estimated

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£100,000 to obtain outline planning permission. This is included and not in addition to the GDV.

- 4.5 Securing outline planning permission before disposing of the site will significantly increase its value and attractiveness to potential developers, by reducing risk and uncertainty. It allows them to proceed with confidence knowing the principle of development is approved, even if details are not finalised.
- 4.6 It will be necessary for the Council to market the site with a restriction that any purchaser must deliver housing. Otherwise, BLRF and One Public Estate (OPE) funding will have to be paid back as a condition of the grant funding is that the site would be released for housing. There may be an impact on the sale price achieved for the site as any restriction can reduce value.
- 4.7 There have been three recent planning applications for the site submitted by external applicants when the site was under WCC and the Fire Service ownership (not BDC), one of which was withdrawn. Both applications (Ref 15/0836 and Ref 16/0191) were schemes for retirement living with alternative designs. Both applications were refused and upheld at appeal for the following reasons –
 - a) *The effect on the character and appearance of the area, including on the setting of a number of listed buildings and on the setting of the Bromsgrove Town Conservation Area (the BTCA).*
 - b) *The effect on highway safety in relation to parking, access and servicing.*
- 4.8 Given that previous planning applications were refused on the grounds above, it is unlikely that any scheme for apartments would be accepted because of the effect on the character and appearance of the area.
- 4.9 Option A is the option with the lowest level of risk to the Council and the least financial input but has the lowest level of control for the Council. This option would enable housing to be delivered on the site with a capital receipt being realised as soon as the site is disposed of but there would be no ongoing revenue for the Council. It is unlikely that more than 30% affordable homes would be delivered on the site.
- 4.10 Selling the site to an RSL below market value has legal implications due to duty to achieve best value.

Option B – Develop through Spadesbourne Homes Ltd and retain market value properties (dispose of affordable units)

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- 4.11 Option B is based on the Council bringing forward the development through the council-owned housing company, Spadesbourne Homes Limited. There were lessons learned from the Burcot Lane redevelopment project which include –
- a) Carrying out due diligence early to identify where any infrastructure is in the ground. Utility maps are often incorrect, and the developer (Spadesbourne) would be liable for undertaking any works that require relocation of services.
 - b) The major delay in the development was the disposal of properties within Allen Court due to different tenure types. Any future development that included flats, should only be one tenure type e.g. market rent or social housing within each building.
 - c) Whilst providing properties for sale assists in cross subsidy, the developer (Spadesbourne) is required to provide a 2-year defect liability period from date of purchase and the construction contractor only has a one-year defect liability period from handover to Spadesbourne. This one year also includes the timeframe for sales to be achieved. Therefore, this risk must be costed as part of the overall project budget.

The project team would ensure that these factors are considered if option B was the preferred delivery option for the site at Windsor Street.

- 4.12 The Council would have full control in this scenario and as such it can therefore specify quality, build and design standards to ensure that the aspirations for this site are fully met. However, as the sole funder of the project, the Council has 100% of the financial exposure relating to the project. Any cost overruns not covered in the contractor agreement will be the sole responsibility of the Council. The Council is also responsible for managing all risk relating to delivery and must bear the consequences should a certain risk materialise.
- 4.13 In order to test this option, an investment model has been produced by Thomas Lister which models the potential investment returns that might be generated through the Council delivering the scheme and then retaining income through the rental of the market properties, whilst disposing of the affordable element to a Registered Social Landlord (RSL) partner. This mirrors the approach taken by the Council at Burcot Lane.
- 4.14 For the purposes of the investment model, an indicative value has been included at Year 3 of the appraisal, following completion of the scheme when it is assumed that the affordable units would be sold to a RSL

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partner. The estimated value of these properties can be found at Appendix 4. The payback period for the investment is identified as being year 46.

Option C – Partnership with private developer or RSL

- 4.15 Option C considers the Council forming a partnership with either a private developer or RSL to deliver housing on the site. There are different types of partnership arrangements that could be put in place, including:
- a) A Joint Venture (JV) whereby the Council and partner form a separate entity to develop a specific site. This often involves the Council contributing land and the developer contributing capital and expertise.
 - b) Development agreement whereby the Council forms a contract with a developer or RSL to deliver housing on the site, with the developer taking on the construction and management responsibilities.
 - c) Strategic partnership whereby the Council and a developer or RSL form a long-term partnership to deliver housing projects, potentially with a focus on affordable housing.
- 4.16 Establishing a joint venture structure can be time consuming and costly, as such the scheme must be of the appropriate scale to justify this route. Establishing a strategic partnership would require the Council to have multiple redevelopment sites available. Given that the site will deliver up to 29 housing units, a development agreement by way of contract is the most likely partnership arrangement that would be formed.
- 4.17 One of the benefits of a partnership is the potential increased access to funding and expertise. A partnership can pool land, funding, and other resources to make a development site more viable. Collaboration can also lead to the delivery of more affordable housing units and risks can be shared, such as financial and development. The Council can leverage their local knowledge and land asset whilst a developer can bring their financial resources, construction expertise, and market knowledge.
- 4.18 Setting up a partnership can incur higher procurement and transaction costs. Any partnership arrangement will require careful legal structuring to define roles, responsibilities and profit-sharing arrangements. These

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complex legal agreements must be carefully drafted by a legal specialist. Prior to undertaking a procurement exercise, it is imperative that the Council ensure its goals align with the developer or RSL's commercial objectives.

- 4.19 Given that the site is only circa 0.7 hectares, it is unlikely that many private developers would express an interest as the minimum requirement is often 50 units.
- 4.20 If partnering with a RSL, it is likely that there would be an opportunity to apply for funding to support the delivery of additional affordable housing at 50% rather than 30%. The affordable properties could be owned and managed by a RSL (if BDC decided to partner with one) and the other 50% could be privately owned/let by Spadesbourne Homes Limited. There is an option to dispose of the market value properties, but this would not provide an ongoing revenue stream for the Council.
- 4.21 For option C, the Council would retain some control over the site with the risk and financial input being shared between the partners (to be agreed at beginning). This option would be the longest in terms of timescale to deliver as the Council would be required to procure a partner before any redevelopment could take place. This procurement process is likely to take up to twelve months.

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5. **SUMMARY**

- 5.1 Each of the options are summarised in the table below. Members should consider what level of risk they are willing to accept and weigh that up with the level of control that they would like to retain over the site. Consideration should be given to how the scheme would be financed for each option and the timescale for delivery.

Option	Financial	Risk	Timescale	Control	Strategic objectives
Do nothing	Pay back BLRF and OPE grants (£722k plus £100k) Costs to secure site	Minimal – BDC would have to return OPE and BLRF funding Reputational damage for returning funding and leaving site vacant Ongoing security of the site	N/A	N/A	No Strategic objectives would be met

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Obtain outline planning permission and dispose	Planning permission (included within appraisal)	Low	Approximately 12 months to obtain outline permission and disposal	Least amount of control	Financial stability, the Council can reinvest the capital receipt in capital projects aligned to strategic priorities but unlikely to deliver more than 30% affordable housing
50/50 partnership with developer/RSL	50% of the total project costs - part of this can be site value	Medium (shared with partner)	6 months to secure partner followed by 18 months for planning permission and procurement of contractor	Shared with partner	Private developer – unlikely to achieve above 30% affordable housing RSL – could achieve 50% affordable housing. High quality, energy efficient homes could be delivered
Develop through Spadesbourne Homes Ltd	100% of costs payable by Council	High (all risk with Council)	18 months for full planning permission and procurement of contractor	Total control	Option to increase social housing. High quality, energy efficient homes could be delivered

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6. FINANCIAL IMPLICATIONS

- 6.1 For option A, the Council will have to provide a cost allowance for further planning and design costs which have been included within the appraisal. This allowance recognises that the site would be marketed following the Council securing outline planning consent. Sales, marketing and legal costs have also been included within the Thomas Lister Report (see Appendix 3).
- 6.2 With regard to Options B and C, the Council will need to provide a long-term lease to Spadesbourne Homes for the properties. The Council could also consider providing a loan to Spadesbourne Homes to cover the capital investment required with a payback period as outlined in Option B (Appraisal) at an appropriate cost of borrowing.
- 6.3 For option A, the Council will receive a capital receipt following the disposal of the site. The estimated capital receipt can be found at Appendix 4.
- 6.4 Options B and C would require the Council to provide capital investment to fully develop the site. For the purposes of the Thomas Lister investment model (see Appendix 3), it has been assumed that the affordable element of the scheme (30%) in option B would be sold to a Registered Social Landlord partner (after 3 years). Net rental income over the 47-year model has been calculated, noting that the Council would also still have ownership of the assets developed. Whilst the return is the greatest of the three options, the returns will not be realised for a number of years and require significant upfront capital investment.

7. LEGAL IMPLICATIONS

- 7.1 There will be different legal implications arising going forward dependent on the outcome of this report and which of the Options listed is taken forward. At this stage it is difficult to be more definitive and whichever option is selected will give rise to the need for further consideration of the legal implications and scoping work.
- 7.2 For Option B further work would be needed to review the governance arrangements and articles of Spadesbourne Homes Limited to establish that these would be suitable for purpose in terms of the project referenced in the report. This would also apply if a variant of Option C was selected involving Spadesbourne Homes Limited.
- 7.3 The Council is under a duty to achieve best value for the disposal of land in its ownership in accordance with section 123 of the Local

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Government Act 1972. It is possible for there to be exceptions to this requirement if a disposal at an undervalue would achieve improvement to economic, social or environmental wellbeing of an area.

- 7.4 There would be legal implications arising from an arrangement to work in partnership with a RSL or developer under Option C as referenced in the main body of the report at paragraph 4.18.

8. OTHER - IMPLICATIONS

Relevant Council Priority

- 8.1 Redevelopment of the Windsor Street site is one of the key projects within the Council Plan and Centres Strategy. As a brownfield site, its redevelopment will meet housing needs whilst protecting the Green Belt. Transforming an underutilised site into residential use will increase footfall and support local businesses, contributing to a more vibrant town centre. This approach is part of the Council's broader strategy to regenerate the town centre, making it a more attractive place to live, work, and visit.

Local Government Reorganisation

- 8.2 The government intends to issue directions under section 24 of the Local Government Act requiring written consent from successor councils for land disposals worth more than £100,000, entering contracts of more than £1m for capital and entering contracts of more than £100,000 for non-capital (whole life costs). The timeline for the date of these has not yet been confirmed but in the meantime, the government expects councillors and statutory officers to be mindful of their responsibilities and for councils to work together in sharing information and making decisions that are in the best interests of the whole area.
- 8.3 If the Council decided to pursue option B or C, there is no guarantee that a future unitary authority would not dispose of the non-affordable properties on the site at market value. The affordable properties (between 30% and 50%) would have been transferred to an RSL and therefore protected from any sale.

Climate Change Implications

- 8.4 The redevelopment of the site has positive climate change implications as it involves the redevelopment of a brownfield site, encourages

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sustainable urban living and land remediation will improve soil and water quality. New housing will be built to modern energy efficiency standards, reducing operational carbon emissions.

Equalities and Diversity Implications

- 8.5 Increasing the supply of housing (including affordable) in the district helps households on low incomes by providing them with good quality housing. It is important that the preferred option considers the potential for bringing appropriate housing stock to the market.

9. RISK MANAGEMENT

- 9.1 Key risks associated with each option have been captured within the above SWOT analysis and summary table. A full risk register would need to be developed to fully capture and consider the risks for each option as each involve a different level of risk.

10. APPENDICES and BACKGROUND PAPERS

1. Site Plan
2. Indicative Layout
3. Development Appraisal (Thomas Lister report – Exempt)
4. Financial Implications (Exempt)

11. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Karen May	15/8/2025
Lead Director / Assistant Director	Rachel Egan	15/8/2025
Financial Services	Bob Watson	15/8/2025
Legal Services	Claire Felton	28/8/2025

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Policy Team (if equalities implications apply)	Rebecca Green	21/8/2025
Climate Change Team (if climate change implications apply)	Matthew Eccles	21/8/2025