

Council Decision
2025

21st August

Levelling Up Programme

Relevant Portfolio Holder	Councillor Karen May
Portfolio Holder Consulted	Yes
Relevant Assistant Director	Assistant Director Regeneration & Property
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Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Council Priority	Economic Development and Regeneration
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Council RESOLVE that:-

- 1) The Council's contribution to the Levelling Up Programme increases by £500,000 and this sum is to be added to the capital programme in year.**

2. BACKGROUND

- 2.1 Bromsgrove District Council was awarded £14.5m of Levelling Up funding in 2021, with the Council agreeing to contribute £1.6m towards the overall programme costs. The three projects within the Levelling Up Programme include Windsor Street, Nailers Yard (Former Market Hall) and public realm improvements. These projects would not have been viable were it not for the funding and the sites would have remained derelict. The original budget for the programme in 2021 of £16.103m which was allocated as follows:

Project	Funding allocated
Windsor Street	£3,471,000
Nailers Yard (former Market Hall)	£10,399,000
Public Realm	£2,233,000

The Council has the ability to reallocate funding between the projects within the programme.

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- 2.2 The revitalisation of Nailers Yard is at the heart of the town's Levelling Up Programme and represents a once-in-a-generation opportunity to transform the high street. The site, vacant for years and long seen as a symbol of lost potential, will be redeveloped into a dynamic multi-use hub. Plans include high quality offices, food and beverage units, and community event space, creating a blend of culture, commerce, and creativity that will attract visitors, businesses, and investment into the town centre.
- 2.3 For the Council, delivering the Nailers Yard transformation demonstrates a clear commitment to both preserving Bromsgrove's character and embracing its future. Once complete, the buildings will serve as a catalyst for wider regeneration, raising the profile of the town and giving residents a renewed sense of pride in their local area. The Council's leadership in securing and delivering this programme will be remembered as a defining step in Bromsgrove's ongoing renewal.

3. PROGRAMME UPDATE

- 3.1 The public realm project was completed in early 2025 with an underspend of approximately £927,000.
- 3.2 The Windsor Street project (demolition and remediation of the site) is ongoing and expected to be completed by January 2026. The project remains on time and within the allocated budget.
- 3.3 The Nailers Yard project is ongoing with Kier undertaking construction works on site. Construction costs have risen significantly from the original estimate due to a combination of factors including increased material prices, labour shortages, and supply chain disruptions. The COVID-19 pandemic exacerbated these issues, leading to reduced production and increased demand as the economy recovered. The project cost estimate of £13,474,000 as of March 2025 was made up of the following sums –

Contract sum/Pre-construction Service Agreement (PCSA) with Kier	£11.859m
Client contingency	£0.450m
Fees and surveys	£1.165m

- 3.4 Since March 2025, there have been several issues encountered with the project that have created budget pressures. The first key issue on

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site was underground obstructions from previous developments. These obstructions which have now been addressed caused a six-week delay to the programme. This resulted in a loss and expense claim submitted by Kier, and costs associated with the additional work. Initially, a provisional sum of £10,000 was allocated for underground obstructions within the contract. However, the total cost was approximately £305,000. This used a large proportion of the client contingency (0.450m).

- 3.5 Following advice from local agents, GJS Dillon, a design review of the commercial building was undertaken in April/May 2025. It was agreed that the building would be more attractive to potential tenants if the offices were smaller units. These design changes have resulted in costs of £83,000 which includes redesign of the mechanical and engineering elements (M&E) and fire protection.
- 3.6 Currently the greatest project risk is the culvert works. An indicative design for the culvert was submitted as part of the Nailers Yard planning application prior to any works commencing on site. No civil/structural or detailed surveys were feasible during the Pre-construction services agreement (PCSA) stage due to accessibility issues whilst other ground condition and utility surveys were being undertaken. Therefore, a provisional sum of £220,256 was allowed for in the contract and it was envisaged that the works to the culvert would be able to be delivered within this budget. When this provisional sum was agreed, the design was only costed to RIBA stage 3. It was not possible to undertake detailed, intrusive surveys and it was only once the project had commenced that works could be fully designed and costed.
- 3.7 However, following a full, detailed survey of the culvert commencing in January 2025 which is the earliest that this could be carried out following initial groundworks, measurement drawings were received in early April 2025 which uncovered the exact direction and size of culvert, plus additional gullies that feed into the culvert from outside the site boundary. Following this survey, flood remodelling was carried out based on actual measurements, and the redesign of culvert and landscaping area in conjunction with flood remodelling was undertaken which took a further two months. Kier then costed the works which were reviewed by the cost consultant from Arcadis. A detailed timeline is outlined below.

Date	Action	Comment
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February 2025	Survey and measurement of culvert	This was an intrusive survey to identify the condition, structural integrity and direction of culvert plus gullies feeding into culvert
28/4/25	Flood modelling work	JBA instructed to undertake flood modelling of revised culvert design
June 2025	One Creative design work	OC design changes based on flood modelling data from JBA
04/07/2025	Kier issued drawings to discharge planning condition relating to culvert works	Planning condition – 12 weeks to determine planning application (23 rd September)
16/7/2025	Kier issue costs to Arcadis	Kier and Arcadis QS – clarifications and checks on costs
22/07/25	Overview & Scrutiny Board	Officers reported: "Currently the greatest project risk is the culvert works. Intrusive surveys could not be undertaken prior to signing the contract with Kier due to the requirement for ground works to be undertaken first. Therefore, while designs had been progressed to RIBA Stage 2, we were not able to confirm the extent of the works required prior to starting on site. Kier completed detailed design works in May 2025. A provisional sum of £220,256 was included within the original project budget. Both Kier and Arcadis have advised that this figure will increase. We are expected to have final costs for the culvert works within the next four weeks."
8/8/2025	Arcadis review of Kier costings	Presented to project manager – costs and programme implications known for culvert
14/08/25	Discussion with Senior Leadership Team	To update on status of the culvert and explore alternative options.

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15/08/25	Meeting with Leader of the Council.	To advise on situation and officer recommendation.
19/08/25	Meeting with Group Leaders	To advise on situation and requirement for an urgent decision.

- 3.8 The fully designed solution to open up the culvert has been costed at over £1.6m by Kier and reviewed by Arcadis QS (who considered the costs to be reasonable).

Description	Price	Total
Building works	£757,851.84	£757,851.84
M&E works	£5,000	£5,000
Design/fees	£68,085	£68,085
Prolongation	£525,207	£525,207
Change specific prelims	£160,465.24	£160,465.24
Risk and fixed price allowance	£55,151.08	£55,151.08
Insurance, overhead and profit	£85,606.20	£85,606.20
		£1,660,366.36

- 3.9 Taking into account the current agreed funding envelope and assuming that we are successful in securing LEP funds, the Nailers Yard project costs would increase the overall Levelling Up Fund programme budget beyond the funding envelope by approximately £165,000.
- 3.10 The agents have already received a significant level of enquiries for the office space and food and beverage units in the commercial building. There has been more interest in the office units than there is space available and the agents are confident that all office units will be let due to the lack of good quality office space in the town centre. The commercial building will provide an ongoing revenue stream to the Council and the expected return on investment of the Council's contribution to the Levelling Up Programme will be realised within five years of operation.

4. OPTIONS

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- 4.1 The project team have considered options which include not undertaking works to the culvert, postponing the works to a later phase and requesting additional funds from Council.

Option 1

- 4.2 **Complete construction of commercial and pavilion Building and commence with culvert works in a later phase.**

Whilst this option would enable the Council to tender the works separately and test the market regarding costs, Planning would need to approve this approach. There is a high risk that works would cost more if the work was tendered at a later date as any incoming contractor would need to set up the site and incur prelim costs. This option is not considered feasible because of the heavy machinery and crane required to undertake the works whilst the buildings are occupied. We would likely receive complaints from tenants relating to noise and vibration. There is also a risk of flooding on site and downstream from the site until the works have been completed. Leaving the buildings unoccupied whilst works are undertaken would carry a security risk and also loss of potential rental income.

Option 2

- 4.3 **Further design works to determine if culvert could remain closed permanently and other works carried out to resolve the potential risk of flood within site boundary and downstream.**

This option could present cost savings but is high risk and if an acceptable alternative cannot be agreed with Planning it could result in the overall cost increasing by over £400,000 in addition to the £1.6m required to carry out the works in line with the current design. It is also likely to add additional time to the programme given that the redesign process is estimated to take around 9 weeks with a further 12 weeks to be allowed to take the new design through planning. It would be a full application considered by planning committee. This will extend the programme by a minimum of just over 5 months. Following pre-application discussions with the planning officers, it is unlikely that a planning application would be approved.

Option 3

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- 4.4 Commence with opening up the culvert as per design and programme provided by Kier. Works to commence upon condition discharged and scheduled to take 22 weeks. Attenuation works to be carried out post Culvert works.**

This option would take the project above its current funding envelope, assuming that we are successful in securing LEP funds. If this option is recommended, the total request to Council is for £500,000 which includes contingency for any unforeseen issues as the existing project contingency has now been spent. Any underspend could be returned upon completion of the Levelling Up programme.

- 4.5 Option three is recommended for the following reasons –**

- a) The opening of the culvert reduces risk of flooding onsite and downstream.
- b) The current design has taken on board feedback from the Local Planning Authority and planning policy is being adhered to opening waterways.
- c) Though there are currently no local species/organisms that are endangered, opening the culvert is likely to encourage species to flourish.
- d) This option increases chance of rental income if works completed prior to Pavilion and Commercial building opening.
- e) Structural issues were identified with concrete beams in the culvert during the survey. Opening of the culvert removes this risk and reduces the future costs of undertaking work in the future as BDC is responsible for the upkeep of the culvert through the site. If it were to fail, the Council would have to repair it.
- f) The in situ concrete approach reduces risks of existing sheet metal piling and with a tight site constraint, the in situ concrete approach is more feasible. The pre-cast option is unlikely due to size of plant equipment and crane required.
- g) Opening of the culvert reduces risks associated with any alternative design of installing underground pipework or blockages.
- h) Not opening the culvert would mean that the site remains unfinished and occupation of the buildings could not happen.

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5. FINANCIAL IMPLICATIONS

- 5.1 Further to the LUF money (£14.5m) being awarded to Bromsgrove District Council, some additional funding has also been awarded to the projects in Bromsgrove. These sums total £1.08m and are as follows –

Funding source	£ total received
UK Share Prosperity Fund (UKSPF) - Nailers Yard	222,364
Brownfield Land Release Fund	722,748
UKSPF - Windsor Street	84,000
Levelling Up Fund	50,000
Total	1,079,112

- 4.2 Thus the overall funding secured of £16.103 million (£14.5m plus £1.6m) was increased by £1.08m to a total of £17.183 million.
- 4.3 The final cost of the Levelling Up Programme, including works to the culvert is currently estimated to be £19,730m. This is made up of the following amounts per project –

Project	Total (£)
Nailers Yard	14,934,325
Windsor Street	3,490,000
Public Realm	1,305,665

- 4.4 The total amount of funding available to the projects, including the GBS LEP funding is £19.605m. This is made up of the following amounts:

Funding source	Total funding
Levelling Up Fund	£14.5m
Bromsgrove District Council	£1.6m
Additional funding sources (secured)	£1.08m
GBSLEP funding (not secured)	£2.425m

- 4.5 Therefore, the programme is estimated to exceed the funding envelope by £165,000.
- 4.6 As there is still approximately 7 months left to deliver the project, it is recommended that a further £335k is allocated to the programme for the Nailers Yard project contingency which will only be drawn down if required. Any unspent contingency will be returned.

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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.

6. OTHER - IMPLICATIONS

Local Government Reorganisation Implications

- 6.1 The project will leave a legacy for the town and an ongoing revenue income for years to come.

Relevant Council Priorities

- 6.2 This project supports the following Council Priorities: Economic Development.
- 6.3 The work on this project supports economic development and regeneration.
- 6.4 The regeneration project at Nailers Yard provides workspace 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

- 6.5 Through the redevelopment of the Nailers Yard 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 Nailers Yard site commits to achieving a

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minimum Building Research Establishment Environmental Assessment Methodology (BREEAM) 'very good' rating on this site.

Equalities and Diversity Implications

- 6.6 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 each sub project. The key risks for each project are as follows:

Project	Risk	Comments
Nailers Yard	Culvert works	Potential impact on project budget and programme
Nailers Yard	Incoming electrics	Potential impact on project budget and programme
Nailers Yard	Commercial building layout	Potential impact on project budget and programme
Windsor Street	Remediation strategy	Environment Agency need to sign off prior to any development on site
Windsor Street	Redevelopment options	Bromsgrove District Council to agree future delivery option for site prior to any works

- 7.2 The costs of Kier being on site (prelims) per week total approximately £50,000. For every week that the project is delayed, these costs are incurred by the Council. The prelims for the culvert works total £525,000 for a 15 week prolongation period. If an urgent decision is not made, then this will increase each week.

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8. APPENDICES and BACKGROUND PAPERS

None

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9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Karen May	
Lead Assistant Director	Rachel Egan	20/08/25
Financial Services	Bob Watson	20/08/25
Legal Services	Nicola Cummings	20/08/25
Policy Team (if equalities implications apply)	Rebecca Green	N/A
Climate Change Team (if climate change implications apply)	Matthew Eccles	N/A