

Overview and Scrutiny Board

28th October 2025

LEVELLING UP REPORT – BROMSGROVE TOWN CENTRE REGENERATION

Relevant Portfolio Holder		Councillor Karen May
Portfolio Holder Consulted		Yes
Relevant Head of Service		Rachel Egan – Assistant Director Regeneration & Property
Report Author	Rebecca McElliott Job Title: Regeneration Programme Manager email: Rebecca.Mcelllott@bromsgroveandredditch.gov.uk	
Wards Affected		All
Ward Councillor(s) consulted		No
Relevant Council Priorities		Development Communities and Housing Infrastructure
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 Appendix 1		

1. RECOMMENDATIONS

The Overview and Scrutiny Board is asked to RESOLVE that:

- 1) the update on the progress of the Levelling Up Fund projects be noted.**

2. BACKGROUND

- 2.1** The purpose of this report is to provide a quarterly update on the progress of all regeneration schemes funded through the Levelling Up Fund (LUF).

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3. PROJECT UPDATES

Windsor Street Update

- 3.1 As of the 3rd October 2025, Brownfield Solutions have completed phase one of the remediation strategy. This included groundwater monitoring following the removal of contaminated soil. These results have been submitted to the Environment Agency (EA) for technical review. Once they have completed their review, feedback will be provided to the Council. This is expected to be completed in October 2025.
- 3.2 Once feedback is received from the EA, the Council is likely to have to undertake phase 2 remediation which will include localised work in the remaining areas of the site that are still above the levels of contamination that the EA is willing to accept. This is in the south-east area of the site. There is an allowance within the existing budget to undertake phase 2 remediation works.
- 3.3 The project is currently delayed due to the technical review by the Environment Agency. As phase 2 remediation is likely to take 6 months, if it commences in November 2025, it will be completed by May 2026. This will not impact the delivery of housing on the site as a planning application will need to be prepared and submitted to the Local Planning Authority before any development can commence.
- 3.4 Whilst the remediation strategy is executed during 2025 and 2026, the project team will present options for the future use of the site to Cabinet in November 2025, with a view to progress the preferred option following a decision. The Overview and Scrutiny Board considered the report in September 2025, and their preferred option was to deliver housing on the site in partnership with a Registered Social Landlord (RSL). This option is also supported by the Cabinet Member. Thomas Lister have provided a development appraisal that forms part of the options paper. The project manager has also met with Homes England to discuss potential funding opportunities. Construction would not be expected to start on site until early 2027.

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Nailers Yard Site

- 3.5 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 (which has been renamed Nailers Yard).
- 3.6 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 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 the culvert, plus additional gullies that feed into the culvert from outside the site boundary. Following this survey, flood remodelling was carried out using actual measurements, and the redesign of the culvert and landscaping area in conjunction with flood remodelling was undertaken which took a further two months. Kier Construction Limited then had to cost the works which was reviewed by the cost consultant from Arcadis.
- 3.8 The fully designed solution to open up the culvert has been costed at over £1.6m by Kier Construction Limited and reviewed by Arcadis (who considered the costs to be reasonable).

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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 Considering the agreed funding envelope and assuming that the Council is successful in securing funding as a member of the former Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), the Nailers Yard project costs would increase the overall Levelling Up Fund programme budget beyond what was previously available by approximately £165,000.
- 3.10 Therefore, an urgent decision was taken in August 2025 to commit a further £500,000 to the Levelling Up Programme. This provides the additional funds required to complete the Nailers Yard project and provides further contingency for any other potential unknown costs that may arise.
- 3.11 Works to the culvert will extend the construction programme by 15 weeks. The completion date was expected to be the 19th January 2026, and it is now the 6th May, 2026.
- 3.12 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 six years of operation. This is based on the estimated rental income that

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will be received per annum on the basis of guide rental price of £18-£22 per square foot.

- 3.13 The full business case (FBC) for GBSLEP funding was submitted to Birmingham City Council on Friday 1st August 2025. Clarification questions were issued week ending 29th August and a meeting was held to discuss these on the 3rd September. The final draft FBC was issued to Birmingham City Council on the 19th September. The FBC will be presented to the Enterprise Zone Programme Board on 22nd October, the Enterprise Zone Partnership Board on the 12th November and followed by a decision by Birmingham City Council's Cabinet on the 20th January 2026. This will enable funds to be paid in Quarter 1 2026/2027 towards the Nailers Yard project.

4. FINANCIAL IMPLICATIONS

- 4.1 The Council has been given a further extension from the Government for the Levelling Up Fund to the end of March 2027.
- 4.2 The original budget for the programme was £16.103m which was made up of the Levelling Up Fund and the Council's contribution. This was allocated to the following projects within Bromsgrove:

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

- 4.3 The public realm project was completed in early 2025 with a confirmed underspend of £927,335. Nailers Yard and Windsor Street projects are ongoing.
- 4.4 Further to the Levelling Up Fund money (£14.5m) being awarded to Bromsgrove District Council, some additional funding has also been awarded to the projects in Bromsgrove. These sums total £1.093m and are as follows:

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Funding source	£ total received
UK Share Prosperity Fund (UKSPF) - Nailers Yard	224,364
Brownfield Land Release Fund	722,748
UKSPF - Windsor Street	84,000
Levelling Up Fund	62,500
Total	1,093,612

- 4.5 Thus the overall funding secured of £16.103m (£14.5m plus £1.6m) was increased by £1.093m to a total of £ £17.194m. With the additional £500,000 agreed by Bromsgrove District Council, this has increased to £17.694m.

- 4.6 The final cost of the Levelling Up Programme is currently estimated to be £19.8m. This is made up of the following amounts per project –

Project	Total (£)
Nailers Yard	15,004,552
Windsor Street	3,490,000
Public Realm	1,305,665

- 4.7 The total amount of funding available to the projects, including the GBSLEP funding is £20,118,612.00. This is made up of the following amounts:

Funding source	Total funding
Levelling Up Fund	£14.5m
Bromsgrove District Council	£2.1m
Additional funding sources (secured)	£1.093m
GBSLEP funding (not secured)	£2.425m

Any underspend or additional funding received will reduce the overall Council contribution to the Levelling Up Programme.

- 4.8 The Windsor Street project is delayed and the revised completion date is May 2026 whilst we await feedback from the Environment Agency. The current spend to date on site purchase, clearance and remediation is £3.199m (which is within the budget envelope of £3.490m).

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- 4.9 Options for the Windsor Street site will be presented to Cabinet in November 2025 where Members will be asked to agree how the site will be delivered for housing. Each option will have different financial implications for the Council. This report is due to be pre-scrutinised by the Overview and Scrutiny Board in November 2025.
- 4.10 The Section 151 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.
- 4.11 The Levelling Up Fund programme is being actively monitored via the MHCLG. Quarterly monitoring reports are submitted and reviewed. MHCLG have confirmed that the Council is progressing the projects and they do not have any concerns.

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 Following LGR, any ongoing revenue income from the Nailers Yard development and Windsor Street site will transfer to the new Unitary Council.

Relevant Council Priorities

- 6.2 This project supports the following Council Priorities: Economic Development, Communities and Housing and Infrastructure.
- 6.3 The work on this project supports economic development and regeneration as well as a balanced housing market.
- 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.

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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 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

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Windsor Street	Redevelopment options	Bromsgrove District Council to agree future delivery option for site prior to any works
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8. APPENDICES and BACKGROUND PAPERS

The Levelling Up Programme has been reviewed at the following meetings:

- O&S Levelling Up Programme update report July 2025
- O&S Levelling Up Programme update report February 2025
- O&S Levelling Up Programme update report November 2024
- Bromsgrove Town Centre Regeneration 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.

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Karen May	6/10/2025
Lead Director / Head of Service	Rachel Egan AD Regeneration and Property	6/10/2025
Financial Services	Bob Watson	6/10/2025

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Department	Name and Job Title	Date
Legal Services	Nicola Cummings, Principal Solicitor – Governance	06/10/25
Policy Team (if equalities implications apply)	Not Applicable	N/A
Climate Change Team	Matthew Eccles	6/10/2025