BROMSGROVE DISTRICT COUNCIL

Overview and Scrutiny Board

21st July 2026

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 and Property
Report Author	Rebecca McElliott Job Title: Regeneration Programme Manager email: Rebecca.Mcelliott@bromsgroveandredditch.gov.uk	
Wards Affected		All
Ward Councillor(s) consulted		No
Relevant Council Priorities		Economic 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 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended – Appendix 2.		

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 continued progress of all regeneration schemes funded through the Levelling Up Fund (LUF).

3. PROJECT UPDATES

Windsor Street Update

3.1 As Members will be aware Phase 1 works have successfully seen the former library and fire station site cleared having been derelict for many years. Removal of contaminated soil is progressing under phase 2 and is scheduled to conclude in September 2026 with monitoring of groundwater being undertaken over the following twelve months until September 2027. The LUF programme covers acquisition, demolition and remediation work on the site and once the site is fully remediated the programme will have concluded, leaving the site to be progressed as a new town centre initiative having achieved its objectives.

3.2 With the above in mind, on 19th November 2025 Cabinet considered options relating to the future of the site and indeed what the new project could consist of. The options considered were:

1. Obtain outline planning permission and dispose of the site (lowest risk but lowest control; unlikely to secure more than 30% affordable housing).
2. Develop through Spadesbourne Homes Ltd (full control but highest financial risk; long payback period).
3. 50/50 partnership with a private developer (shared risk and expertise but unlikely to exceed 30% affordable housing).
4. 50/50 partnership with a Registered Social Landlord (RSL) (shared risk and funding opportunities; strongest route to delivering 50% affordable housing and meeting local housing need).

3.3 To help inform which decision to progress, the Council's Overview and Scrutiny Committee was consulted. A summary of these options (presented in November 2025) is provided in Appendix 1. Both Overview and Scrutiny Committee and Cabinet supported the option of delivering the site in partnership with a RSL.

3.4 The Project Manager and Strategic Housing Services Manager subsequently met with five RSLs that are actively seeking development sites in Bromsgrove to undertake soft market testing. Feedback from the RSLs was presented to Cabinet in June 2026. The two RSLs that did express positive interest indicated that they would only consider acquiring the site rather than partnering with the Council due to the site's relatively small scale. Registered Providers do not consider a partnership model to be commercially or operationally proportionate, as it would introduce additional governance and administrative overheads compared with an outright disposal route. Both said that they would deliver a 100% affordable scheme which is higher than the minimum requirement that Members asked for previously (50%).

3.5 The rationale as to why the option of obtaining outline planning permission and disposing of the site to a RSL was recommended to Cabinet is that it fully aligns with the strategic objectives — namely delivering a high-quality housing development with a strong affordable housing offer. Proceeding in this way removes development risk from the Council while enabling partners to bring forward a well-designed scheme that reflects local needs and priorities. Crucially, this route also allows the Council to secure a higher overall level of affordable housing than would likely be achieved through a traditional market-led disposal.

3.6 In the report presented to Cabinet on 17th June 2026, Members were asked to resolve the following –

1) The feedback received from Registered Providers be noted.

2) Delegated authority is given to the Assistant Director for Regeneration and Property, in consultation with the Portfolio Holder, to progress an outline planning application for the Windsor Street site for up to 50 residential units.

3) Subject to the granting of outline planning permission and completion of Phase 2 remediation works, that the Windsor Street site be disposed of to a Registered Provider.

4) Delegated authority is given to the Assistant Director for Regeneration and Property, in consultation with the Portfolio Holder to agree the terms of disposal and select the Registered Provider, following evaluation of proposals against the Council's objectives.

5) A budget of up to £150,000 is approved to meet the costs of progressing the outline planning application.

3.7 The project will be reported to Cabinet, Scrutiny and Council as appropriate, ensuring Members are kept up to date.

Nailers Yard Site

3.8 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).

3.9 The building work and work to the culvert have all now successfully completed and the buildings are moving to the intended occupation stage. Please see section 3.13 which reports on the positive progress that is being made.

3.10 The programme of external works have had to accommodate a shift in scheduling leading to completion now anticipated later in 2026. This relates to timescales to secure a required Section 278 agreement from Worcestershire County Council which is a matter the County Council has assisted with, whilst Bromsgrove District Council follows through with due diligence appropriate discussions with all parties concerned in relation to this. Further detail is provided in Appendix 2 under exempt cover.

3.11 The Service Level Agreement (SLA) has been drafted by the Council's Principal Solicitor (contracts, commercial and procurement). Subject to agreement of the final terms by both parties, the SLA will be executed by the Council and Rubicon Leisure. The SLA will set out Rubicon Leisure's role in operating and managing the Pavilion building, including responsibility for managing the booking system, marketing of the facility and undertaking associated operational management duties. It is expected that Rubicon Leisure will be able to commence these arrangements by August 2026, enabling bookings for the Pavilion building to be taken from that point.

3.12 In response to Members' request that liability costings be tabled as part of the next quarterly reporting cycle, this is provided in the financial implications section of the report.

3.13 Significant progress continues to be made in securing occupiers for the remaining vacant space within the commercial building. A lease for 1.5

floors of office accommodation is due to be signed on a ten-year term, demonstrating strong long-term commitment to the scheme. In addition, an offer has been received from an independent Worcestershire-based operator for the ground floor food and beverage unit for a ten-year term. Heads of terms are now being drafted. Marketing agents, GJS Dillon, continue to actively promote the remaining available space, while positive early-stage discussions are underway with another independent operator regarding the third-floor. These discussions remain subject to agreement of commercial terms and completion of the necessary due diligence.

3.14 It was previously reported that the EZRIF funding would be claimed in Q1 of 2026/2027. However, due to reporting requirements which require us to provide a full quarter spend (April to June), the funding will be drawn down in Q2 with the claim form submitted on 8th July 2026. Birmingham City Council have confirmed that funds will be sent on the 10th July.

4. FINANCIAL IMPLICATIONS

4.1 The Levelling Up programme was originally approved with a total budget of £16.103m. This comprised £14.5m of Levelling Up Fund grant and a Council contribution of £1.6m. The programme originally covered three projects in Bromsgrove: Windsor Street, Nailers Yard, (formerly the Market Hall site), and Public Realm improvements. The original allocation across these projects is set out below:

Project	**Funding allocated (£)**
Windsor Street	3,471,000
Nailers Yard (former Market Hall)	10,399,000
Public Realm	2,233,000
Total	**16,103,000**

4.2 In addition to the original Levelling Up Fund grant, further external funding has been secured for the programme. This additional funding totals £3,518,612 and is shown in the table below:

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
GBSLEP	2,425,000
Total	**3,518,612**

4.3 In August 2025, an urgent decision was made to increase the Council's contribution from £1.6m to £2.1m due to overspend relating to culvert works on the Nailers Yard project. Together with the £3.519m additional funding in the table above, this increased the budget from £16.103m to £20.122m

4.4 There was an underspend on the public realm project of £927,000. This was reallocated within the overall programme budget to the Nailers Yard project. Following this reallocation, the available budget for each project is as follows:

Project	Funding Allocated (£'000)
Windsor Street	3,555
Nailers Yard (former Market Hall)	15,261
Public Realm	1,306
Total	**20,122**

4.5 As of 1st July 2026, spend to date across the three schemes has reached £17.527m and a breakdown is included in the following table.

Project	Budget (£'000)	Spend to 01 July 2026 (£'000)	Budget Remaining (£'000)
Windsor Street	3,555	3,105	450
Nailers Yard (former Market Hall)	15,261	13,116	2,145
Public Realm	1,306	1,306	0

Total	**20,122**	**17,527**	**2,595**

4.6 The remaining budget is fully committed to enable the two remaining projects to reach completion. At this stage, no significant variance is anticipated against the budget.

4.7 At the previous meeting, Members requested further information on the potential liability costs associated with the Nailers Yard site. Once completed and fully operational the development is expected to be self-funding on a revenue basis. At the time the Council's budget was set, Nailers Yard was included on a net nil basis albeit there was some uncertainty regarding opening dates, occupancy levels and the timing of rental income generation. Whilst the commercial building has the potential to generate rental income of up to £300,000 per annum, when fully occupied, this income will be offset by a range of ongoing costs associated with the development, including void costs, service charges, business rates and the ongoing operation of the Pavilion building.

4.8 During 2026/27, whilst the units are being marketed and occupancy levels established, the Council is expected to incur holding and operating costs. The financial performance of the development will therefore continue to be monitored, and any budget implications will be considered through the Council's normal budget monitoring and reporting processes.

4.9 In relation to Windsor Street, the Council would receive a capital receipt from disposing of the site to a Registered Social Landlord (RSL); however, the value of that receipt cannot be confirmed until the proposed development scheme is defined, and the planning position is known. Land without planning permission is discounted heavily as the buyer will take on all planning risk. Therefore, the investment of £150,000 to obtain planning permission will provide a return on that investment.

4.10 The expenditure required to secure outline planning permission would initially be funded from revenue reserves, with a view to replenishing those reserves once a capital receipt is received.

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 Local Government Reorganisation (LGR), any ongoing revenue income from the Nailers Yard development and Windsor Street site will transfer to the new Unitary Council. The buildings on the Nailers Yard 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.

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 five highest scoring risks for the Levelling Up programme are as follows:

Project	Risk	Mitigation
Nailers Yard	Commercial units are not let – Council responsible for void costs	GJS Dillon actively marketing units
Nailers Yard	S278 works	Work closely with WCC to ensure agreement is signed and works to commence
Windsor Street	Remediation strategy does not result in a clean site.	Additional site investigation undertaken prior to phase 2 and working closely with EA
Windsor Street	RPs do not want to purchase the site for redevelopment	Soft market testing already undertaken and dialogue continues with RPs

8. APPENDICES and BACKGROUND PAPERS

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

- Overview and Scrutiny (O&S) Levelling Up Programme Update April 2026
- Overview and Scrutiny (O&S) Levelling Up Programme Update January 2026
- Overview and Scrutiny (O&S) Levelling Up Programme update report October 2025
- 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	10/7/2026
Lead Director / Head of Service	Rachel Egan AD Regeneration and Property	10/7/2026
Financial Services	James Walton/Debra Goodall	9/7/2026

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Department	Name and Job Title	Date
Legal and Democratic Services	Nicola Cummings, Principal Solicitor – Governance Jess Bayley-Hill, Principal Democratic Services Officer Claire Green - Principal Solicitor (Contracts, Commercial and Procurement) and Deputy Monitoring Officer	9/7/2026
Policy Team (if equalities implications apply)	Not Applicable	N/A
Climate Change Team	Matthew Eccles	N/A