

Birmingham City Council

Report to Cabinet

19th January 2021



Subject: City Centre Public Realm – Phase 1 Full Business Case

Report of: Acting Director, Inclusive Growth

Relevant Cabinet Member(s): Councillor Ian Ward – Leader
Councillor Waseem Zaffar – Transport and Environment
Councillor Tristan Chatfield – Finance and Resources

Relevant O &S Chair(s): Councillor Liz Clements – Sustainability and Transport
Councillor Sir Albert Bore, Resources

Report author: Philip Edwards – Assistant Director, Transport and Connectivity
Tel: 0121 303 6467
Email: philip.edwards@birmingham.gov.uk

Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s): Ladywood		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 007437/2020		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Exempt Appendix G		
Commercially sensitive information is provided in Appendix G to this report in accordance with Paragraph 3 - Schedule 12A Local Government Act 1972: Information relating to the financial or business affairs of any particular person (including the Council). The accompanying exempt appendix contains confidential market information which could impact on the tender process.		

1 Executive Summary

- 1.1 The City Centre Public Realm (CCPR) scheme aims to deliver high-quality public realm improvements, provide greater priority for pedestrians and cyclists and enhanced signage and wayfinding in the city centre to create an attractive, welcoming and safe environment for citizens and visitors to enjoy.
- 1.2 This report seeks approval of the Full Business Case (FBC) for Phase 1 of CCPR at an estimated cost of £12.395m, as set out in Appendix A, which forms an important part of the comprehensive renewal of the public realm within the city centre core.
- 1.3 The report also seeks approval to the revised procurement strategy as set out in Appendix B.
- 1.4 A separate FBC for Phase 2 of the CCPR Scheme will be presented to Cabinet in the summer of 2021.

2 Recommendations

- 2.1 Approves the FBC for Phase 1 of the City Centre Public Realm scheme at a total estimated cost of £12.395m, funded from Transforming Cities Fund (£4.000m) and Clean Air Zone (£8.395m) as set out in Appendix A.
- 2.2 Approves the strategy and commencement of the procurement activity for the works for the CCPR scheme as detailed in Appendix B.
- 2.3 Delegates the award of the contract for the works for the CCPR scheme to the Acting Director, Inclusive Growth in conjunction with the Assistant Director, Development and Commercial (or their delegate), the Interim Chief Finance Officer (or their delegate) and the City Solicitor (or their delegate), subject to the cost being within the budget.
- 2.4 Under Standing Order Part D2.5, approves the commencement of single contractor negotiations by the Head of Major Transport Projects with the West Midlands Combined Authority (WMCA) for the supply of the paving materials up to the value of £0.500m to enable an order to be placed prior to the award of the contract for the works.
- 2.5 Delegates the award of the contract for the supply of the paving material to the Acting Director, Inclusive Growth in conjunction with the Assistant Director, Development and Commercial (or their delegate), the Interim Chief Finance Officer (or their delegate) and the City Solicitor (or their delegate), subject to the cost being within the pre-tender estimate.
- 2.6 Notes that the FBC for Phase 2 of the CCPR scheme will be presented to Cabinet in the summer of 2021.
- 2.7 Notes the loss of car parking income from removal of 30 pay and display bays on Colmore Row/Waterloo Street to accommodate the works and that this is being factored into the 2021/22+ Medium Term Financial Plan budget process in order to mitigate the impact.

2.8 Authorises the City Solicitor to negotiate, execute and seal and complete all necessary agreements and documentation to give effect to the above recommendations.

3 Background

3.1 The CCPR scheme will transform the city centre and create an attractive, welcoming and safe environment for citizens and visitors to enjoy. The improvements will also support economic recovery and growth, improve accessibility for pedestrians, cyclists and people with disabilities and create a lasting legacy.

3.2 On the 29 October 2019 Cabinet approved the Outline Business Case (OBC) for the CCPR scheme. A subsequent review of the project milestones and delivery strategy was undertaken and a Revised Financial Appraisal (RFA) was approved by Cabinet in July 2020. The RFA gave approval for:

- A revised delivery strategy – to undertake detailed design and Early Contractor Involvement (ECI) ahead of the FBC; and
- Reallocation of £0.758m of professional fees from the post-contract fees to the pre-contract fees to support the substantial development of the project to FBC.

3.3 The project, as outlined in the OBC, proposed a two-phase approach: Phase 1 and Phase 2. This FBC sets out the Phase 1 deliverables only. Phase 2 works will be subject to a separate FBC to be submitted to Cabinet in the summer of 2021.

3.4 Phase 1 deliverables include:

- Victoria Square public realm improvements;
- Colmore Row/Waterloo Street public realm improvements;
- River Fountain – repair and reinstatement as a fountain; and
- Permanent Hostile Vehicle Mitigation (HVM) at seven locations across the city centre.

4 Options Considered and Recommended Proposal

4.1 Options were considered at the OBC stage, approved by Cabinet on the 29 October 2019. This included the recommended option at the time to proceed with a design and build contract.

4.2 Options were considered to accelerate the delivery of Victoria Square by identifying current contractors working in the area. The Planned Procurement Activities Report dated 11 February 2020 was approved by Cabinet to enter into single contract negotiations (SCN) to deliver the Victoria Square public realm works.

4.3 A revised delivery strategy and associated milestones were approved by Cabinet in the RFA in July 2020. This revised strategy allowed time to develop the project in further detail and produce a comprehensive FBC including establishing a detailed design, finalising the scope of the project, securing ECI and establishing accurate capital and revenue costs.

4.4 Negotiations for the works failed to reach a satisfactory conclusion between the two parties and therefore there is now a requirement, in this FBC, for a revised procurement process. See Appendix B for the procurement strategy.

5 Consultation

5.1 A public consultation exercise was carried out for Phase 1 and Phase 2 of CCPR between 13 January and 21 February 2020. A total of 598 responses were received via BeHeard. Analysis shows that 77% of respondents agree or strongly agree that the proposals to improve the public realm are attractive and welcoming.

5.2 A consultation analysis report is shown in Appendix D.

5.3 Engagement has been undertaken with Ward Councillors and Retail and Colmore Business Improvement District (BID) representatives who support the proposed delivery of the CCPR project.

6 Risk Management

6.1 A risk register is included in Appendix E which highlights the scheme's strategic risks. The top four risks and mitigations are set out in Table 1 below.

Table 1: Risks & Mitigations

Risk	Mitigation
Unknown ground conditions, utilities and basements	Concrete testing and historic highway data investigation on concrete slab to establish ground conditions. Review of New Roads and Street Works Act (NRSWA) programme and Streetworks register. Undertaking Ground Penetrating Radar (GPR) surveys and trial holes to conclude clash detection and enter into early agreement with Statutory Undertakers. Partnership working and sharing of stats data. Known basement surveys requested.
Activities prior to construction are delayed. No float in programme.	Regular review of programme, and briefing sessions with senior officers and Cabinet Members.
The impact of Covid-19 and Brexit on the supply of materials, the contractor's resources and timescales	Engagement with the contractor and their supply chain to understand material lead in and resources available.
Clean Air Zone revenue does not materialise due to ongoing Covid-19/travel behaviour changes	Predicted Clean Air Zone revenue has been reassessed and the Clean Air Zone funding requirement has been re-profiled with less funding required in the early years of the Clean Air Zone. Project

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.1.1 The proposals set out in this report will support the City Council's key policies and priorities as set out in the City Council Plan and Budget 2018 – 22 (as updated in 2019):

- Outcome 1, Priority 4: 'We will develop our transport infrastructure, keep the city moving through walking, cycling and improving public transport';
- Outcome 4: 'Birmingham is a great, clean and green city to live in', particularly 'improve the environment and tackle air pollution';
- Outcome 5: 'Birmingham residents gain the maximum benefit from hosting the Commonwealth Games'.
- Outcome 6: 'Birmingham is a city that takes a leading role in tackling climate change'.

7.1.2 The public realm proposals will support walking and cycling through the city centre and create available space for outdoor tables and chairs to support economic recovery and growth. The scheme will create high-quality walking and cycling routes in a daytime pedestrianised environment, helping to support environmental and climate change policies in advance of the Commonwealth Games.

7.1.3 In addition to the alignment with the Council's priorities, plans and strategies identified, the scheme also aligns to the following Council policies and the city's role as Host City for the 2022 Commonwealth Games:

- **Birmingham Development Plan 2011 (BDP)** – The proposed public realm changes that will be delivered as part of the City Centre Public Realm scheme are consistent with the achievement of Birmingham's objectives set out in the BDP, including:
 - To provide high quality connections throughout the City and with other places including encouraging the increased use of public transport, walking and cycling; and
 - To develop Birmingham as a city of sustainable neighbourhoods that are safe, diverse and inclusive with locally distinctive character.
- **Draft Birmingham Transport Plan 2020 (DBTP)** – The project will help deliver the objectives set out in the plan including improving cycling and walking infrastructure and pedestrianisation, supporting

cross city centre navigation and connectivity with public transport hubs, and improving walking environments to make streets inclusive for all and help older people and people with disabilities travel around the city.

- **Emergency Birmingham Transport Plan (EBTP)** – The scheme will help address the short, medium and longer term measures set out in the EBTP including maximising improvements to walking and cycling and ensuring public spaces are safe and accessible for everyone. The scheme will support the vision and objectives set out in the Draft Birmingham Transport Plan and EBTP and support the delivery of further walking and cycling improvements to support social distancing and Covid-19 recovery.

7.1.4 Birmingham Business Charter for Social Responsibility (BBC4SR)

Compliance with the BBC4SR is a mandatory requirement that will form part of the conditions of these contracts. Tenderers will be required to submit an action plan with their tender that will be evaluated in accordance with the procurement strategy set out in Appendix B and the action plan of the successful tenderer will be implemented and monitored during the contract period. The social value outcomes for the project are also detailed in Appendix B.

7.2 Legal Implications

- 7.2.1 The Council in carrying out transportation, highway and infrastructure related work will do so under the relevant primary legislation comprising the Town and Country Planning Act 1990; Highways Act 1980; Road Traffic Act 1974; Road Traffic Regulation Act 1984; Traffic Management Act 2004; Traffic Act 2000 and other related regulations, instructions, directives and general guidance.
- 7.2.2 Under Section 1 of the Localism Act 2011, the Council has the power to enter into the arrangements set out in this report, which are within the remit and limits of the general power of competence in Sections 2 and 4 of the Localism Act 2011.
- 7.2.3 The information in Exempt Appendix G is commercially sensitive with regard to the confidential market information which would impact on the future commercial negotiations – Exempt information 12A of the Local Government Act 1972 (as amended) - 3. Information relating to the financial business affairs of any particular person (including the Council).
- 7.2.4 The works contract for the CCPR scheme will be procured in accordance with the Public Contracts Regulations 2015.

7.3 Financial Implications

Capital Costs

- 7.3.1 The estimated total capital cost of Phase 1 of the City Centre Public Realm scheme outlined is £12.395m and are planned to be funded by Transforming Cities Fund (£4.000m) and Clean Air Zone (£8.395m). A detailed breakdown is included in Exempt Appendix G.
- 7.3.2 A delay in implementing the CAZ means that there is a risk that the funding required for Phase 1 may become unavailable. The recommendations approved by Cabinet within the OBC in October 2019 included the use of corporate resources up to the total value of £20.478m in the event that the funding sources identified were not approved or fell short of the required values and noted that, in the event of additional funding being subsequently confirmed, that this would be used to repay corporate funding. The use of corporate resources was subsequently included and approved as part of the Council 2020/21+ Capital Programme in February 2020.
- 7.3.3 The OBC for the Phase 1 works included £5m of funding as a part of the Commonwealth Games Public Realm capital budget, which forms a part of the overall budget for the Commonwealth Games being funded jointly between the Council, local Partners and the Government. As the detailed proposals for the Phase 1 works have been refined during the evolution from an Outline to a Full Business Case it has become clear that the City Centre Public Realm works can be funded wholly from funding available through Transforming Cities and Clean Air Zone programmes and it has been agreed with all Games Partners that the Commonwealth Games funding is more appropriately utilised to mitigate any risks arising as a result of the COVID-19 pandemic and ensure delivery of other projects that are critical for the successful delivery of the Commonwealth Games.
- 7.3.4 Subject to the successful conclusion of single contractor negotiations, the supply of paving materials is to be undertaken by WMCA, to enable the order prior to the award of contract for the works. The total estimated cost of this is £0.500m, and the WMCA will store and insure the materials at a secure location at no additional cost to the Council.

Revenue Implications

- 7.3.5 This project will both remove and create assets that will form part of the highway upon completion of the project; as such they will be maintained within the overall highway maintenance programme. The net maintenance costs arising from the public realm proposals in this FBC is estimated to be £0.001m per annum, which will be funded from the provision for Highways Maintenance held within Corporate Policy contingency. This figure does not include maintenance for the River Fountain or the three mechanically operated HVMS, details of both of these are shown separately below.
- 7.3.6 The revenue implications for the River Fountain is estimated to £0.020m per annum, based on engagement with a fountain specialist, which will be funded from the existing approved maintenance budget for clocks and fountains.

7.3.7 The total revenue implications for the mechanically operated HVMs at three of the seven locations are estimated to be £0.031m per annum based on a five-year maintenance agreement with the supplier. This cost is being factored into the 2021/22+ Medium Term Financial Plan budget process.

7.3.8 Additionally, the project will result in the removal of 30 pay and display bays on Colmore Row/Waterloo Street which will result in an estimated loss of parking income of £0.202m per annum, (£2.02m over a ten-year period). The loss of income will be offset within the overall net car parking income generated, and specifically through the controlled parking zones being implemented as part of the Clean Air Zone (CAZ) additional measures.

7.4 Procurement Implications (if required)

7.4.1 The procurement strategy for the works and the supply of paving materials is detailed in Appendix B.

7.5 Human Resources Implications (if required)

7.5.1 The management and delivery of Phase 1 of the City Centre Public Realm scheme will be led by officers within Transport and Connectivity supported by external consultants for professional services.

7.6 Public Sector Equality Duty

7.6.1 An initial Equality Analysis was carried out prior to approval of the OBC in October 2019. A revised analysis has been carried out (Report ref. EQUA285) and is attached in Appendix F. This found that this scheme does not have any adverse impact on the protected groups and characteristics under the Equality Act 2010 and there is no requirement for a full assessment.

8 Appendices

- 8.1 Appendix A – Full Business Case
- 8.2 Appendix B – Procurement Strategy
- 8.3 Appendix C – Scheme Plans
- 8.4 Appendix D – Consultation Analysis
- 8.5 Appendix E – Risk Register
- 8.6 Appendix F – Equalities Analysis
- 8.7 Exempt Appendix G

9 Background Documents

- 9.1 City Centre Public Realm Revitalisation Outline Business Case Report to Cabinet 29th October 2019
- 9.2 Transportation and Highways Capital Programme 2020/21 to 2025/26 Annual Programme Update Report to Cabinet 11th February 2020.

- 9.3 City Centre Public Realm – Revised Financial Appraisal Report to Cabinet on 21st July 2020.
- 9.4 Draft Birmingham Transport Plan 2020.
- 9.5 Emergency Birmingham Transport Plan 2020.