

Birmingham City Council

Report to Cabinet

29 October 2019



Subject: Outline Business Case: City Centre Public Realm Revitalisation

Report of: Director: Inclusive Growth

Relevant Cabinet Member: Councillor Ian Ward: Leader
Councillor Waseem Zaffar: Transport and Environment
Councillor Tristan Chatfield: Finance and Resources
Councillor John Cotton: Social Inclusion, Community Safety and Equalities

Relevant O & S Chair(s): Councillor Liz Clements: Sustainability and Transport
Councillor Sir Albert Bore: Resources
Councillor Penny Holbrook: Housing and Neighbourhoods
Councillor Tahir Ali: Economy and Skills

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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: 006460/2019		
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 information paragraph 3. Information relating to the financial or business affairs of any particular person (including the Council).		
Exempt Appendix G: contains confidential market information, which could impact on future commercial negotiations.		

1 Executive Summary

- 1.1 This report seeks approval to the Outline Business Case and procurement strategy for the comprehensive renewal of the public realm within the city centre retail core. The £25.478m project will:
- renew 40,000m² high quality public realm;
 - provide permanent hostile vehicle mitigation (HMV) measures at 19 locations;
 - repair and reinstate the Victoria Square fountain;
 - extend the pedestrian area including Victoria Square;
 - replace the pavement, street furniture, signage/wayfinding, lighting columns and CCTV; and
 - reduce and control vehicular access to the central retail area including the reduction of on street parking.
- 1.2 The project area is identified on the plan at Appendix B and will be delivered in two phases, with phase 1 to be completed prior to the Commonwealth Games in 2022. Further detail on the proposed works is set out at Appendix C.
- 1.3 This report summarises the funding strategy and the approach to consultation, stakeholder engagement and procurement.

2 Recommendations

- 2.1 Approves the Outline Business Case (OBC) at Appendix A for the delivery of a package of works at a total estimated cost of £25.478m funded by £5.0m Transforming Cities Funding (TCF) (secured), £5.0m Commonwealth Games funding (subject to approval) and £15.478m Clean Air Zone net proceeds (in line with the recommendations of the charging order report approved by Cabinet on 25th June 2019).
- 2.2 Approves the release of development funding of £0.944m funded from TCF to complete the Full Business Case and progress design and development.
- 2.3 Approves acceptance of £5.0m TCF capital grant to contribute towards works at New Street/High Street/Victoria Square.
- 2.4 Authorises the Director Inclusive Growth in conjunction with the Chief Finance Officer to prepare and submit a bid for funding to the Commonwealth Games Capital Board, and subject to approval, delegates authority to the Director Inclusive Growth in conjunction with the Chief Finance Officer to accept funding in accordance with any associated conditions.
- 2.5 In the event that the funding identified within this report is not approved or falls short of the required values/is not available within the required timeframe, approves use of corporate resources of up to £20.478m to enable progression of the programme and notes in the event of additional funding being subsequently confirmed, this will be used to repay corporate funding.

- 2.6 Notes that the Full Business Case (FBC) will be presented to Cabinet in February 2020, which will include:
- The final scheme design and delivery plan; and
 - Confirmation of the estimated capital and revenue project costs, funding sources and funding conditions.
- 2.7 Approves the Procurement Strategy set out in Appendix D.
- 2.8 Delegates authority to the Assistant Director - Transport and Connectivity to award contracts and place orders using the Council's Highways and Infrastructure Works Framework Agreement for design, subject to approval of the FBC and the cost being within the approved budget allocation.
- 2.9 Notes the breakdown of estimated costs of the project subject to procurement of the works.
- 2.10 Authorises the Acting City Solicitor to negotiate, execute, and complete all necessary agreements and documentation to give effect to the above recommendations.

3 Background

- 3.1 The Big City Plan sets out ambitious plans to transform the city centre into a world-class destination attracting international investment, jobs and visitors to the city. Central to this vision is the creation of attractive and distinctive high-quality public spaces to enhance the city's environment and connectivity. The Birmingham Development Plan (BDP) highlights the importance of the city centre as a key growth point to deliver the city's growth agenda.
- 3.2 The city centre public realm requires significant investment to provide high quality public realm to enhance the visual appearance and overall experience that visitors have of the city, and to create a place that will support retail business. To achieve this objective, the proposed public realm revitalisation project will:
- renew 40,000m² high quality public realm;
 - provide permanent hostile vehicle mitigation measures at 19 locations;
 - repair and reinstate the Victoria Square fountain;
 - extend the pedestrian area including Victoria Square;
 - replace the pavement, street furniture, signage/wayfinding, lighting columns and CCTV; and
 - reduce and control vehicular access to the central retail area including reducing on street parking.
- 3.3 Details of the proposals are set out in Appendix C: Project Proposals Summary. These concepts will be further developed as part of the detailed design development. In order to ensure the completion of key priority areas before the

Commonwealth Games, the proposed public realm works will be split into two phases as set out at Appendix B.

- 3.4 It is recognised that these are densely populated areas for businesses, visitors, residents and tourists to the city, as well as spaces for hosting a number of events including the German Market. It is therefore essential that the Council effectively manages the relationship between the contractor and stakeholders so as to ensure disruption is kept to a minimum, while ultimately delivering this key public realm revitalisation project.
- 3.5 This will be a challenging project that requires the coordination of several workstreams. Pre-contract design and surveys will inform the procurement of works and the required level of contingency within the works costs. The project plan identifies that it will be necessary to undertake a phased approach to the works, so works will be phased: pre and post Commonwealth Games. This is supported by early contractor involvement feedback. The high level of investment in the city currently may also adversely impact on the availability of resources for the project from a contractor's perspective, and this will be addressed in partnership with framework contractors.
- 3.6 Phase 1 will encompass the areas of Victoria Square, (Area 1), Colmore Row and Waterloo Street (Area 2), New Street, Lower Temple Street and Ethel Street (Area 4) and Temple Street (Area 10). The necessary HVM works will also be installed as part of Phase 1. Phase 2 will cover the remaining areas of Chamberlain Square/Eden Place (Area 3), Bennetts Hill (Area 5), Temple Row (Area 6), High Street (Area 7), Union Street, Union Passage and Warwick Passage (Area 8) and Cannon Street and Needless Alley (Area 9).
- 3.7 Victoria Square was opened in 1992 and is a key pedestrian gateway and focal point for the city, which provides space for some of the biggest visitor attractions in the city centre. The use of the square for events is however compromised by its existing design and the temporary HVM security measures in place. This project will enable the full potential of the square to be realised.
- 3.8 The water feature has been subject to minor repair work over several years prior to the decision to remove the water and to install a temporary planting scheme whilst a permanent solution for its reinstatement could be found. A comprehensive survey in 2016 identified the necessary remedial works required to repair and to reinstate the fountain.
- 3.9 Currently the city centre benefits from having temporary HVM measures installed, but a permanent solution is required as part of a comprehensive safety and security strategy. This project enables these and other security measures to be integrated into the street scene.
- 3.10 Hosting the Commonwealth Games in 2022 offers the opportunity to generate increased investment in the city and to share its attractions with a wider audience. The city centre will also be the primary strategic transport hub for the Games, anchored by New Street station, Moor Street Queensway and Snow Hill station. It

will be the first and last place where people experience the Games, not only via the transport infrastructure and interchanges available, but also the walking and cycling routes that provide the intermediate connections.

- 3.11 Given the significant volumes of spectators within the city centre, crowd management and security will also be a critical requirement. There is a significant opportunity to deliver security measures as a permanent legacy for the city.
- 3.12 The increased footfall within the city centre during the Games is likely to be unprecedented, making it critical that a high-quality public realm including legible and coherent walking and cycling environments exist. The intra-city centre street network will therefore form an essential part of the transport network, moving people between a plethora of interchange options including rail, shuttle and bus as well as movement to and from city centre venues and live sites.
- 3.13 There is then a significant opportunity to support and enhance movement within the city centre through a comprehensive package of public realm interventions, comprising of high-quality hard landscaping, a comprehensive network of signage and wayfinding (reflecting the complex interconnecting movements) and high quality and prioritised crossings at severance points.
- 3.14 The proposal to further expand the pedestrianisation of the city centre and to control traffic movement to create a more attractive and cleaner environment as well as ensuring the security of the retail centre will require changes to existing Traffic Regulation Orders (TRO). The impact on the area covered within this project is identified on the location plan at Appendix B. Currently a complex arrangement of planning conditions and TRO restrictions apply in this area, which are not consistent. Following stakeholder and public consultation as part of the development of the FBC for this project, TRO and planning proposals will be generated.

4 Options Considered and Recommended Proposal

- 4.1 As part of the development of this project several options have been considered. The detail of the costs relating to the preferred option is set out in the Exempt Appendix G, as these works will be subject to a competitive procurement exercise.

Option 1 – Do Nothing

- 4.2 The existing public realm is life expired having been last renewed in 1992 and is in a worn condition. The visual appearance and overall experience that visitors have of the city has a significant impact on the health of the high street. The fountain at Victoria Square has been in disrepair since 2009 and retention of the temporary planting was originally a short-term measure only. A permanent repair is required to reinstate the fountain as originally designed. The city centre currently benefits from temporary HVM measures, which in the main are provided on loan as part of the national barrier asset. It is essential that permanent measures are installed to ensure the continuation of the security of the city centre.

Option 2 - Do Minimum

- 4.3 The do minimum approach would focus on the implementation of permanent HVM barriers at critical locations throughout the city centre to provide a security network in preparation for the Commonwealth Games, alongside an updated TRO. However, this would reduce the scope for essential public realm work to be carried out, particularly for Victoria Square and New Street, with allowance for basic maintenance work.

Option 3 – Partial Intervention 1

- 4.4 This option provides full permanent HVM provision and public realm works to New Street, Lower Temple Street and Ethel Street areas to comply with the funding conditions of the Transforming Cities Fund.

Option 4 - Partial Intervention 2

- 4.5 This option provides full HVM provision and public realm works to Victoria Square, New Street, Lower Temple Street and Ethel Street to comply with the funding conditions of the Transforming Cities fund.
- 4.6 The public realm in the project area will require replacement/renewal in the near future. Piecemeal implementation does not provide a cohesive design and delivery of the integrated security and physical works required making partial intervention unlikely to achieve the desired overall outcome succeed.

Option 5 - Recommended Comprehensive Integrated Approach

- 4.7 The need for the renewal of the public realm in the city centre has been identified for several years and is reflected within the Big City Plan produced in 2010 to guide the future development and regeneration of the city. There is a need for a well-connected, efficient and walkable city centre with new and improved public spaces. The city centre public realm project incorporates the public realm and street works; proposals to repair the water feature within the refurbishment and renewal of Victoria Square; the provision of permanent well-designed HVM security measures integrated with the public realm and the control measures to facilitate an enhanced pedestrianised retail and visitor centre. This comprehensive approach enables the city centre to act as a gateway to the 2022 Commonwealth Games. It is also vital that the city's core is modern, inviting and enjoyable and that it leaves a lasting legacy for the city. It is this programme of works that is to be developed and recommended for delivery. This is reflected in the OBC at Appendix A.

5 Consultation

- 5.1 The ward members for Ladywood have been consulted on this report. Further feedback will be sought as part of the development of the FBC.
- 5.2 Officers from Neighbourhoods Directorate have been involved in the preparation of this report. Proposals have been shared with the West Midlands Combined

Authority as part of securing the TCF funding and the Commonwealth Games Capital Board and team as part of the intended funding bid.

- 5.3 Key stakeholders including the Police, Counter Terrorism Unit, Transport for West Midlands, Retail Business Improvement District (BID) and Colmore BID have been involved in the development of proposals to date and will continue to be consultees in the development of the Full Business Case.
- 5.4 Scheme proposals will be subject to the agreement of the Protect and Prepare Group, the joint working group responsible for ensuring the safety, security and emergency preparedness of the city.

6 Risk Management

- 6.1 The Project is managed through the City Centre Public Realm Project Board chaired by the Assistant Director - Transport and Connectivity and also reported to the Commonwealth Games Joint Transport Group (JTG) and city centre venue planning group.
- 6.2 The following are identified as key project risks:
- Failure to deliver the full transformation scheme due to the availability of funding: the current project scope is predicated on the full funding being available. £5.0m TCF funding has been secured with further funding streams identified within this report being pursued, subject to final approvals. Failure to secure the full required funding will result in a scale back of the project and amendments to existing timescales to focus on essential requirements in anticipation for the Commonwealth Games and the expected increase in visitors. There is however a further fall-back position to utilise corporate resources.
 - Programme not completed ahead of CWG: the scope of works will be continuously updated to adhere to the timescales in place in the lead up to the CWG.
 - Lack of contractor availability: there has been early engagement with framework contractors to ascertain interest and alternative options are being investigated outside of the current framework approach.
- 6.3 The project programme reflects lessons learnt for other public realm schemes including Centenary Square, in that it recognises that this is a challenging project and there are several key risk areas to its successful implementation associated with financial, delivery, procurement and reputational risks. The programme requires that the project is delivered in a realistic timeframe whilst also introducing the flexibility within works contracts to respond to the need to accelerate or pause works, and to accommodate the busy calendar of events held in the city. These issues can be managed using pre-contract surveys and partnership working with stakeholders and contractors.
- 6.4 A Risk Management Schedule is attached as Appendix E.

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 delivery of the Council Plan 2018-2022. They will support the delivery of the ambition set out in the adopted Birmingham Development Plan (BDP), Big City Plan and the city's role as the Host City for the 2022 Commonwealth Games.
- 7.1.2. The improvements sought within the retail core of the city centre support the Council's core mission to be a city of growth where every child, citizen and place matters. Specifically, the project will support business, improve security and safety, and promote the growth of the city.
- 7.1.3 In addition to the creation of a cleaner safer city environment, the proposals also align to the West Midlands Strategic Transport Plan, Birmingham Connected Transport Strategy, Clean Air and Climate Change agendas by enhancing and expanding the pedestrian environment, walking, cycling, links to public transport and reducing the reliance on private vehicles.
- 7.1.4 The proposal also supports the City Centre Retail Strategy, that builds on the Big City Plan, a planning document for the retail core's future to ensure its integrity and attractiveness is maintained and its position as a top destination is strengthened.
- 7.1.5 Birmingham Business Charter for Social Responsibility (BBC4SR): The contractor(s) undertaking the Public Realm Work using the Council's Highways and Infrastructure Framework Agreement are certified signatories to the BBC4SR and will provide additional actions proportionate to the value of each contract awarded. These additional actions will be identified by the project team and will include employment opportunities and will be monitored and managed during the contract period.

7.2 Legal Implications

- 7.2.1 The Council has statutory and discretionary powers to undertake transportation, highways and infrastructure works under the relevant primary legislation including the Town and Country Planning Act 1990, the Highways Act 1980, the Road Traffic Regulation Act 1984, the Traffic Management Act 2004, the Transport Act 2000, and other related regulations, instructions, directives, and general guidance.
- 7.2.2 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

7.3 Financial Implications

Capital Funding

- 7.3.1 The estimated capital cost to deliver the City Centre Public Realm project is £25.478m. The OBC at Appendix A details the approach to the delivery of the project and its capital funding. The funding currently secured is £5.0m from the Transforming Cities Fund.
- 7.3.2 A funding allocation of £5.0m from within the Commonwealth Games Public Realm budget is subject to a formal bid and approval by the Commonwealth Games Capital Board, having been agreed as part of the £778m CWG budget announced by Government on 25 June 2019. The submission of the bid is anticipated in November 2019.
- 7.3.3 The residual costs of £15.478m will be met from the Clean Air Zone (CAZ) net proceeds. This is consistent with the recommendations of the Clean Air Zone Charging Order report as approved by Cabinet on 25th June 2019.
- 7.3.4 CAZ net proceeds are set to commence by July 2020. Where possible, grant funding will be used in the early years, to enable the use of the CAZ revenue to be profiled at the back end of the works programme. If the funding identified within this report is not approved or falls short of the required values/is not available within the required timeframe, there may be a requirement to use corporate resources of up to £20.478m to enable progression of the programme. In the event of additional funding being subsequently confirmed, this will be used to repay corporate funding.
- 7.3.5 Section E1 of the OBC attached at Appendix A shows the current indicative expenditure and funding profiles, which will be finalised during the development of the FBC.

Revenue Implications

- 7.3.6 The proposals contained within this report have potentially significant revenue implications for the Council across several service areas.
- 7.3.7 Where the replaced highway assets are on a like for like basis, they will be maintained within the overall existing highway maintenance budget. The detail of the estimated net cost of any newly created assets will be established and addressed as part of the development of the Full Business Case. Currently, the project estimate for the additional revenue requirement in respect of highway assets is £0.006m per annum. Resources have not currently been confirmed and a funding source will need to be identified during the development of the FBC. Opportunity to include previously excluded assets as well as de-accruing existing asset within the PFI contract and the costs of this approach will also be evaluated as part of the FBC.
- 7.3.8 Details of the maintenance implications will be reported in the FBC. However, it should be noted that it is proposed that all capital works

contracts will include a full repair and maintenance obligation for a minimum of 2 years.

- 7.3.9 The loss of parking revenue is estimated at up to £0.108m per annum. As with the additional highways maintenance costs this is currently unfunded and will also need to be addressed as part of the FBC development.
- 7.3.10 Provision of improved security measures for the city centre by the installation of essential permanent HVM measures and replacement CCTV will also generate an additional cost estimated at approximately £0.223m per annum. As with other unfunded revenue costs these will need to be addressed during the development of the FBC.
- 7.3.11 Repair and restoration of the Victoria Square fountain is estimated to cost up to an additional £0.064m per annum to maintain. Funding to cover this cost will need to be identified in the FBC.
- 7.3.12 Management of the HVM and CCTV will remain with the City Centre Management Team within the Neighbourhoods Directorate. This will be reviewed as part of the development of the FBC to identify if additional resources are required.
- 7.3.13 Section E1 of the OBC attached at Appendix A, shows the current indicative expenditure and funding profiles which will be finalised during the development of the FBC.

7.4 Procurement Implications

- 7.4.1 The proposed procurement strategy is detailed in Appendix D and summarised below:
- The Public Realm Works will be tendered using the Council's Highways and Infrastructure Framework Agreement Lot 4 – Works above £500,000. It is proposed to engage a Design and Build Contractor.

7.5 Human Resources Implications

- 7.5.1 This project will be resourced and managed by the Transport Projects Team within the Inclusive Growth Directorate. All fees associated with the project team in respect of this project are identified within the overall project cost.
- 7.5.2 The management and maintenance of the permanent security measures to be installed within the city centre will be managed by the existing City Centre Management Team. This will be reviewed as part of the development of the FBC to identify if additional resources are required.

7.6 Public Sector Equality Duty

- 7.6.1 An initial Equality Assessment (EQUA285) for the project was carried out in April 2019 and this is attached at Appendix F. The assessment identified that whilst protected groups will be impacted by the proposals,

consultation with relevant agencies will ensure that scheme proposals address specific requirements of protected groups and that any potential adverse impacts can be mitigated. Further assessments will be carried out as part of the development of each scheme within the programme and will be reported at FBC stage.

8 Appendices

- A. Outline Business Case
- B. Project Location Plan
- C. Project Proposals Summary.
- D. Procurement Strategy
- E Risk Management Schedule
- F. Equality Analysis EQUA285 April 2019
- G. Exempt Appendix – Cost Breakdown

9. Background Documents

- 9.1 Big City Plan
- 9.2 Birmingham Development Plan
- 9.3 Birmingham Connected Transport Strategy
- 9.4 Clean Air Zone Charging Order and Use of Net Proceeds: Report to Cabinet: Director of Inclusive Growth, June 2019.