

PROJECT INITIATION DOCUMENT

TITLE	BIRMINGHAM SMITHFIELD DEVELOPMENT		
LEAD DIRECTORATE	Economy		
PROJECT EXECUTIVE	Waheed Nazir , Strategic Director Economy		
PROJECT MANAGER	Marlene Slater , Project Delivery Officer		
PROJECT BOARD	Alison Jarrett - Assistant Director, Economy, City Finance Jacqui Kennedy – Strategic Director Place (Interim) Paul Dransfield - Strategic Director Major Programmes and Projects, Corporate Resources Peter Jones – Director of Property Services Richard Cowell -Assistant Director Development, Economy Waheed Nazir - Strategic Director Economy Stuart Evans – Head of Law		
TIMESCALE	START DATE:	October 2016	END DATE November 2020
FUNDING	Element	Cost	Funding Source(s)
	ALL	£940,000	GSBLEP EZ
PROJECT BACKGROUND/ INTRODUCTION	<p>The Birmingham Smithfield is a 14 hectare site located within the city centre's Southern Gateway area of transformation as set out in the Big City Plan. Development of the site will act as a catalyst for the transformation of the wider area, supporting the sustainable growth of the city centre.</p> <p>On 20th September 2016, Cabinet approved the Masterplan for the transformation of the Birmingham Smithfield area (<i>See Appendix 1 Site Boundary, BCC Ownership and Concept Design</i>). The Masterplan sets out ambitions for the area to capitalise on the established city assets within and surrounding the site with the creation of a sustainable and inclusive place that includes new cultural and leisure attractions, vibrant markets and spaces for new and small businesses and a residential neighbourhood with a high quality public realm and integrated public transport links to the wider city centre.</p> <p>The site will deliver over 300,000 sq. metres of new floor space, 2000 new homes and 3000 new jobs, adding £470 million GVA to the local economy. It will attract millions more visitors to the region and over £500 million of investment.</p>		
AIM & DEFINITION	The aim of the project is to develop a Delivery Strategy and Full Business Case for the development of Birmingham Smithfield area including the procurement of Development Partner/Investor.		
OBJECTIVES	<p>The aim of the project shall be achieved by:</p> <ol style="list-style-type: none"> 1. Producing an Outline Delivery Strategy for the development of the site and a Procurement Strategy to appoint a development partner/investor to take forward the delivery of the site. 2. Procuring a development partner/investor and producing an option appraisal for the development of the site. 3. Producing a Full Business Case based on the Preferred development/investment partner(s) proposal and appointing the development/investment partner(s) 		

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	4. Monitoring & reviewing the progress of developing the Smithfield area.
DESIRED OUTCOMES	<p>The project will enable the delivery of the vision for Birmingham Smithfield, for it to be a distinctive place, with high quality architecture, public spaces and squares and a dynamic new residential neighbourhood that is reconnected to the wider city through new streets, public transport and pedestrian and cycle routes. This vision shall be achieved by creating</p> <ul style="list-style-type: none"> • Vibrant markets and a range of leisure uses supported by cafes, independent shops, restaurants and hotels bringing life to the area throughout the day and night. • A Festival Square that is a lively hub for cultural events, activities, festivals in the city and an attractive place for people to meet and relax. • A Pedestrian boulevard that will transform pedestrian connections to and throughout the site, allowing people to walk through the area easily and reach it from other parts of the city centre. • Integrated public transport Metro, bus and sprint (rapid transit bus) providing people with a quick and efficient way of getting around the area and linking the area to the wider city and beyond. • An exemplar Residential Neighbourhood of new, modern sustainable homes in a green setting supported by a range of community facilities, making it one of the most desirable places to live in the city centre. • A new Major Park at the heart of the residential neighbourhood
ALIGNMENT TO SERVICE PRIORITIES & PLANS	Birmingham Smithfield forms part of the Southern Gateway strategic transformational area for growth, as set out in the big City Plan and Birmingham Development Plan.
KEY STAGES AND DELIVERABLES	
<p>The key stages of service delivery shall be as followings:</p> <pre> graph LR S1[STAGE 1 Delivery & Procurement Strategy] --> S2[STAGE 2 Procurement & Option Appraisal] S2 --> S3[STAGE 3 Full Business Case] S3 --> S4[STAGE 4 Contract Execution] S4 --> S5[STAGE 5 Contract Monitoring] </pre>	

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STAGE 1 (Part A)

- 1A To produce an Outline Delivery Strategy for the development of Birmingham Smithfield by:**
- 1.1 Undertaking a technical review of baseline information and studies used to support the masterplan and update information and commissioning new studies as maybe required and identify development viability and constructability issues and ways to mitigate them.
- 1.2 Reviewing the outcomes of previous consultation with stakeholders on the Masterplan (without soliciting public views) and identifying and recommending amendments to the Masterplan to optimise its commercial and financial viability
- 1.3 Developing at least three operational and financing models options that are commercially and financially viable for both the Council and prospective investor/developer that are based on public private sector financing, with public funding focused on the de-risking the opportunity for the private sector, where such public funds are available.
- 1.3.1 All Financing Models are to show:
- a) Potential cost, financing, landownership and management and risk allocation scenarios for each option; and setting out the implications of different financing terms and conditions on the City including the use of LEP Funding, uplift in land values, generation of funding through generation of business rates and the potential taxation impacts etc.
 - b) Assumptions used in the financial models for each option, are to be agreed by the Council, and evidence provided to demonstrate that assumptions used are reliable, accurate, sufficient and up-to-date.
 - c) Assumptions of land values and construction costs to be carried out to red book standard and informed by accurate and up to date market analysis and testing and reliable prediction models
 - d) Site assembly costs that includes costs for clearance and acquisition, potential re-location compensation, Compulsory Purchase Orders, undertaking surveys, stopping up highway, demolition, potential remediation works and site security.
 - e) Identify the extent of any financial shortfall of development and how this can be minimised
 - f) Take account of financial and operational implications to the council for the managing and maintaining new/improved public realm, highways and open space over a 25/30 year period.
 - g) Current and potential future funding from the Greater Birmingham and Solihull LEP Enterprise Zone
 - h) Annual exit value to BCC if the Council were to sell its interest in the development.
 - i) Evaluate the implications of different funding/financing terms and conditions on the City including the use of LEP Funding to deliver the infrastructure requirements of the project

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- j) Detail the level of development contributions (CIL/Section 106) that can be generated by developments within the site in accordance with the Councils policies.
 - k) Assumptions of public and private sector capacity and interest to invest in the delivery of the masterplan informed by robust market analysis and testing. Evidence provided that demonstrates that assumptions used are reliable, accurate, sufficient and up-to-date
 - l) Identifying options for maximising the quality of public realm and minimising the cost to the Council.
- 1.3.2 Producing financing and operational cash flow models for each model based on various scenarios and separate cash flow models for enabling and infrastructure works that secures the most tax efficient outcome for the City Council.
- 1.4 Undertaking robust market analysis and testing to ascertain the capacity and interest from public and private sector organisations to become a development partner/investor; undertaking a SWOT analysis of potential investors/funders and defining their key requirements
- 1.5 Identifying Potential Owners/Occupiers for the Retail Market Complex, Arts & Culture Complex, Leisure Complex and Residential Complex and defining their specific requirements that may impact on design, construction, management and maintenance.
- 1.6 Develop a **Market Complex Development and Management Strategy** that shall include, the types of goods and services to occupy the complex; costs for potential legal challenge, termination of leases, trade loss and relocation compensation to existing traders; letting and maintenance arrangements.
- 1.7 Developing a **Public Art Strategy** that covers existing and future vacant sites and the pre and post construction of the wider Birmingham Smithfield area. The strategy shall include a short and long term programme of public arts interventions supported by a finance plan that explores opportunities for match funding with external partners and agencies. Eg Arts Council England. The strategy should also link to and provide navigation to the Creative Industry District of Digbeth.
- 1.8 The role of artists and artistic interventions must be fully considered in the consultation, formation and design of all capital developments including developments within the 'Temporary Uses Strategy' and PR and advertising campaigns.
- 1.9 Producing an indicative phased site assembly and construction programme for the whole site. The programme shall enable:
- a) Different elements of development to be brought forward dependant on market conditions to minimise cost and maximise financial return for the Council and investment partners
 - b) Pedestrian/cycle routes, public transport corridors and squares to be delivered first.
 - c) The new markets to be delivered as early as possible to bring life and vibrancy to the area.

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- 1.10 Producing an outline **Construction Management Strategy** to ensure that existing and new communities are provided with adequate support during the construction phase and experience minimum disruption whilst the site is under construction.
- 1.11 Producing an outline **Estate Management Strategy** that encourages residents to take stewardship of the whole place
- 1.12 Producing a separate outline **Transportation Infrastructure Development Plan** to cover highways, public transport (inc. metro) and public realm. The plan shall be include a phased construction schedule that minimises disruption to existing traders, residents and visitors and a indicative whole life cost plan and maintenance arrangements
- 1.13 Developing an agile and integrated **Digital and Smart Technology Strategy** to optimise the use and growth of digital infrastructure and smart technologies in the development of the area to support sustainable economic and civic growth and contribute to making Birmingham a smarter city. The Strategy shall:
 - A) Ensure that digital and smart technology is considered as an integral part of the areas infrastructure system with equal importance and value as transport, energy, water and waste infrastructure.
 - B) To capture anticipated future digital and smart technological development and set monitoring and review points in order to maximise the lifespan of the strategy.
 - C) Include an implementation plan that will require digital and smart technology to be to be highlighted in all development designs/drawing with clear statements of intent.
- 1.14 Developing a **Temporary Uses Strategy** to bring life to the area whilst the site is being developed that evaluates different options for temporary use and recommends a preferred option that best meets the needs of the city and maximises income generation.
- 1.15 To undertake a social and economic impact evaluation of each operational and finance model.
- 1.16 Preparing an **Outline Delivery Strategy** based on the Council's preferred delivery operational and financing model that includes a schedule of key tasks, critical path phases and milestones in the procurement of development partner, site assembly, mobilisation and construction; details key roles and responsibilities, stakeholder management plan, key issues, risks and opportunities and a next stage plan detailing requirements, and schedule for developing the final delivery strategy and full business case.
- 1.17 **Public Marketing and Engagement Strategy** to include a plan of activities to raise and sustain public awareness of the progress of developing that is engaging and exploits digital and smart technology including social media platforms and utilises space for advertising on vacant land and hoardings to improve the image of undeveloped land.

STAGE 1 (Part B)

- 1B **Development of a Procurement Strategy to appoint a development partner/investor to take forward the delivery of the Site, to include:**
 - 1.18 An appraisal of **procurement/disposal route options** and recommend a preferred option with detail of justification constraints, risks, cost, activity schedule, critical path and key milestones.

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- 1.19 Appraisal of different electronic disposal/tendering platforms options including In-Tend.
- 1.20 Appropriate soft market testing of the preferred operational and finance option (s) as maybe required to review target pricings, identify most effective marketing avenues, identify potential investors and inform project time table
- 1.21 Development Partner/Investor Requirements that includes deliverables, benefits/outcomes and key deadlines to be achieved
- 1.22 Robust appraisal of different types of contract/agreement structures that can be used and recommend the most appropriate **form of contract/agreement, terms and conditions** that meets the needs of the client.
- 1.23 **Procurement risk management plan** including actions to mitigate through contract performance metrics, insurance, or other means
- 1.24 Bidder **Evaluation and selection Criteria** establishing desirable, acceptable and unacceptable terms including stretch targets for the Business Charter for Social Responsibility Action Plan
- 1.25 **Business Marketing & Engagement Strategy** that defines target audience, identifies potential investors and includes a plan of pre-procurement activities to promote the business opportunity and stimulate interest from potential investors at a national and international level
- 1.26 Preparation of **Marketing Materials, Promotional Videos** and required **Procurement Documentation**

STAGE 2

- 2 **Undertake Procurement Exercise for the appointment of a development/investment partner to take forward the delivery of the Site, to include:**
 - 2.1 Carrying out the **marketing and procurement exercise** in line with Public Contract Regulations 2015 and using an agreed electronic disposal/tendering system.
 - 2.2 Preparation of **Procurement Report**, Option Appraisal and **Outline Business Case** based on the proposals of the preferred bidder for the Councils in principle approval.
 - 2.3 Production of report for Cabinet for approval of the Option Appraisal and in principle approval to enter into an agreement with the preferred bidder.

STAGE 3

- 3 **Production of Final Delivery Strategy and Full Business Case and Execution of Contract, to include:**
 - 3.1 Preparation of a **Full Delivery Strategy** and **Full Business Case** based on the refined proposals of the preferred bidder for Council's approval.
 - 3.2 Production of **Cabinet Report** for approval of the FBC and approval to enter into an agreement with the preferred bidder.
 - 3.3 Production of **Legal Report**

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- 3.4 Preparation of a schedule for finalising the contract agreement
- 3.5 Preparation of instructions and all necessary information to enable the contract/agreement to be finalised, signed and sealed.
- 3.6 Despatching contract/agreement documents to preferred bidder for checking and execution.
- 3.7 Clarifying and determining the final contract/agreement with the preferred bidder
- 3.8 Identifying Preferred Bidders decision maker, approval process, availability of funds, potential commitment fee and any due diligence requirements.
- 3.9 Production of Promotion Video to inform public of appointment of the Development/Investment Partner and the progress in developing the site.

STAGE 4:

4 Monitoring & Review the progress of development

- 4.1 Monitoring the progress of the development of Birmingham Smithfield and Development Partner(s) compliance with the contract/agreement.

SCOPE AND EXCLUSIONS	<p>The geographical scope of the project is shown at Appendix 1.</p> <p>The project shall not include the clearance and demolition of the Wholesale Market site which is to be treated as a separate dependant project.</p>
PROJECT APPROACH	<p>A Delivery Adviser shall be responsible for the production of a comprehensive and robust Delivery Strategy and Business Case and co- coordinating advice, assistance or information obtained from internal teams and external suppliers.</p> <p>The Delivery Adviser shall also procure any necessary surveys/investigations or other specialist services to be undertaken as agreed.</p>
PROJECT CONSTRAINTS	<ol style="list-style-type: none"> 1. Scope: See above 2. Milestones: To market the potential investment opportunity at MIPIM 14-17 March 2017 3. Time: To commence procurement of Development/Investment Partner(s) during MIPIM. 4. Resources: The project must not exceed the budget limit of £940,000 5. Quality: None Specified 6. Technical: None Specified
PROJECT ASSUMPTIONS	<p>None specified.</p>

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SERVICES REQUIRED

A. EXTERNAL SERVICES

1. Delivery Advice & Project Management

2. Financial and Taxation Advice

3. Legal Advice

4. Market Complex Strategy Advice

5. Market Trader Engagement Management

6. Zero Carbon Emission Advice

7. Promotional Video Production

B. INTERNAL SERVICES

1. Procurement Services

2. Legal Services

3. Property Services

4. Client Project Management

5. Financial Services

KEY OUTPUTS & TIMETABLE

18.1 The following outputs shall be delivered for each stage:

STAGE 1 A	STAGE 1 B	STAGE 2	STAGE 3	STAGE 4
Delivery Strategy	Procurement Strategy	Procurement & Option Appraisal	FBC & Contract Execution	Contract Monitoring
JAN – MAR 17	JAN – MAR 17	MAR – DEC 17	DEC 17– MAR 19	APR 19 – SEP 20
Operational and Financial Delivery Models	Partnership /Investment Requirements	Market Trader Tender Evaluation Workshops (x3)	Full Business Case	Quarterly Monitoring Reports
Transportation Infrastructure Strategy	Form of Contract/ Agreement T&Cs	Other Stakeholder Tender Evaluation Workshops (x3)	Other Stakeholder Engagement Workshops (x3)	
Market Complex Development Strategy	Evaluation and selection Criteria	Procurement Report	Market Trader Engagement Workshops (x3)	
Market Trader Engagement Workshops (x3)	Procurement risk management plan	Tender Audit Report	Legal Report	
Other Stakeholder Engagement Workshops (x3)	Business Marketing & Engagement Strategy	Options Appraisal (OBC)	Cabinet Report: Approval of FBC and to Enter into contract with Partner/Investor	
Zero Carbon Emission Strategy	Other Stakeholder Engagement Workshops (x2)	Cabinet Report: Approval of Option Appraisal and In –Principle Approval to Enter into contract with Partner/Investor	Signed Contract Agreement	
Digital and Smart Technology Strategy	Market Trader Engagement Workshops (x2)		Promotional Videos (x2)	
Public Art Strategy	Procurement Strategy			

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Estate Management Strategy	Procurement Documentation
Construction Programme and Management Plan	Marketing Materials & Tools
Temporary Use Strategy	Promotional Videos (x5)
Public Marketing and Engagement Strategy	
Delivery Strategy	

END PRODUCT USERS	<ul style="list-style-type: none">The Final Business Case shall be used by the Council to inform decision making on the delivery of the site.The Signed Contract shall be used to govern the delivery of the development and partnership working arrangements.
DEPENDANT PROJECTS	<p>Wholesale Market Relocation & Demolition Project Will need vacant possession of the site before any construction works can commence.</p> <p>Curzon Regeneration Must consider opportunities and impact of HS2 on the development of the Birmingham Smithfield area.</p> <p>River Rea Corridor Masterplan Must consider the impact of proposals for developing new residential communities and employment opportunities along the river rea corridor.</p> <p>Amey Highway Maintenance Programme</p> <p>Other City Centre Major Capital Projects The Provider shall attend the quarterly City Centre Coordination and Forward Planning Meeting in order to gain and maintain knowledge and understanding of the key capital projects taking place within the city and considers their impact on the project.</p>

MILESTONES	DATE	2016/17			2017/18				2018/19			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Masterplan Adoption by Cabinet	Sep-16											
DA/Cabinet Authority to Initiate Project and Tender Services	Oct-16											
Commence Procurement of Delivery Adviser	Oct 16											
Selection of Preferred Bidder for Delivery Adviser	Nov 17											
Delivery Adviser Contract Award	Dec 17											
Delivery Adviser Service Commencement	Dec 16/ Jan 17											
Development of Outline Delivery Strategy and Procurement Strategy	Jan to Mar 17											

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Procurement of Development Partner/Investor	Mar 17 to Sep											
Selection of Preferred Development/Investment Partner	Sep 17											
Development of Option Appraisal Report (OBC)	Sep to Oct 17											
Cabinet Approval of Option Appraisal and In-Principle approval to enter Partnership Agreement	Dec-18											
Development of Full Delivery Strategy and Full Business Case	Dec 18 to Jul 19											
Cabinet Approval of Full Business Case and appointment of Development/Investment Partner(s)	Oct 18											
Development/Investment Partnership Agreement Signed	Feb-19											

RISK MANAGEMENT PLAN	<p>Risks and opportunities shall be managed in line with the Birmingham City Council Risk Management Methodology 2010.</p> <p>Initial risks and opportunities are shown in the <i>Risk Register at Appendix 2</i></p>
PROJECT GOVERNANCE AND MANAGEMENT STRUCTURE	<p><i>See Appendix 3 Governance and Management Structure</i></p>
INTERFACE	<p>The Project Manager shall:</p> <ul style="list-style-type: none"> • Be responsible for finalising service contracts and issuing instructions and receiving highlight reports from all service providers and team managers. • Make reports to external funders as required. • Coordinate the interface, communication and information exchange expeditiously between different teams and organisations involved in the delivery of the project. • Provide regular reports to the Project Board to keep senior management routinely informed of project status and all developments that impact on the project success.
PROJECT CONTROLS	<p>The project shall be managed in accordance to PRINCE2 methodology that shall be tailored to meet corporate governance and project management policies and standards.</p> <p>The Project Board shall:</p> <ul style="list-style-type: none"> • Provide overall guidance and direction to the project at a strategic level to ensure that it meets directorate and corporate policy priorities and remains within any specific constraints. • Review and sign off of each key project stage and key products • Authorise any major project deviation/change. • Ensure resources are committed to project • Arbitrate on any conflicts within the project. <p>The Project Group shall:</p> <ul style="list-style-type: none"> • Provide guidance and direction to the project to ensure that project remains delivers the required outputs and project benefits within the agreed budget and schedule. • Monitor the development of solutions/proposals at all stages to ensure

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	<p>it will meet the organisations needs and is progressing towards target.</p> <ul style="list-style-type: none">• Evaluate the impact of solutions/proposals on the Council and Partners.• Ensure risks are being tracked and mitigated as effectively as possible <p>All issue and exception reports shall be made to the Project Board/Sponsor for direction and decision making.</p>
BACKGROUND DOCUMENTS FOR REFERENCE	<ul style="list-style-type: none">• Birmingham Smithfield Masterplan
APPENDICES	<ol style="list-style-type: none">1. Birmingham Smithfield Site Boundary and Concept Design2. Risk Register3. Project Governance and Management Structure