

FULL BUSINESS CASE (FBC)

A. GENERAL INFORMATION

A1. General

Project Title <i>(as per Voyager)</i>	Commonwealth Games – Athletes Village		
Voyager code	Various		
Portfolio /Committee	Leader's Portfolio	Directorate	Inclusive Growth
Approved by Project Sponsor	Ian MacLeod	Approved by Finance Business Partner	Guy Olivant

A2. Outline Business Case approval *(Date and approving body)*

The Outline Business Case was approved by Cabinet on 26th June 2018.

A3. Project Description

This business case covers: -

- A. Phase 1 of a residential development at Perry Barr, which will temporarily form the residential element of the Athletes' Village and in legacy provide 1,416 homes. Of these, 1,177 will be built prior to the Games and the remaining thereafter.*
- B. The infrastructure required to provide the Games time Village including the refurbishment of Oscott Gardens and the preparation of the overlay site*
- C. Activity to progress the wider regeneration of Perry Barr and seeks approval to draw down the Infrastructure Funding provided by Ministry for Communities Housing and Local Government (MCHLG) for the elements to be carried out by the City Council.*

Background

Birmingham was confirmed as Host City for the Commonwealth Games in December 2017. As part of the Host City Contract the Council is required to provide a Commonwealth Games Village (CGV) which will provide residential accommodation for approximately 6,500 athletes and team officials. It is also required to make available the infrastructure that will enable the provision of Games time facilities provided by the Commonwealth Games Organising Committee.

While the overlay is provided by the Commonwealth Games Organising Committee, provision of the services infrastructure to support this (underlay) is the responsibility of the Council.

The residential accommodation and prepared site for the overlay is required for handover to the Commonwealth Organising Committee in January 2022 to allow sufficient preparation time for the Games.

Options for the location of the village were considered during the bid process and the former Birmingham City University (BCU) campus and adjacent land at Perry Barr were identified as the most appropriate and deliverable location within the time and estimated financial envelope available. The area has also been highlighted as an area of economic growth and regeneration in the Birmingham Development Plan. The work being undertaken in Perry Barr will act as a catalyst for further growth in the area, including redevelopment of sites within the district centre and substantial additional housing growth across Perry Barr.

To support the regeneration and create a more connected Perry Barr, the transport and highways infrastructure is being enhanced, making it a more attractive and efficient place to live and work. Proposals to be implemented include: highways redesign to improve pedestrian and cycle linkages, improved transport connectivity, including a new bus interchange, redevelopment of the railway station, and the implementation of Sprint bus rapid transit.

Post Games, the athletes' residential accommodation will be retrofitted to provide residential units suitable for sale on the open market, or rent either as affordable housing or to the private rented sector. The scheme, which is described as Phase 1, will also incorporate an extra care centre, a community centre and a number of commercial units. The overlay area is being earmarked for 'post games' housing development, providing up to 500 additional homes over the following 10 years (Phase 2).

Phase 1 Residential Scheme comprises: -

- a) The construction of 1,177 residential units to accommodate 6,100 athlete bed spaces during the Games;
- b) The retrofitting of these residential units post games in preparation for disposal. A further 239 residential dwellings will be provided upon the construction of Plot 10 at a later date post Games, providing a total of 1,416 new residential units.

Games time Village comprises:

- a) Providing an underlay infrastructure that will be used to introduce the games time operation overlay and services. The Organising Committee will fund overlay facilities and services. In Legacy this infrastructure will facilitate the further Phase 2 development;
- b) Refurbishing of Oscott Gardens, which is former BCU student accommodation with en-suite bedrooms contained within 9 separate blocks. This is anticipated to provide accommodation for upwards of 400 athletes. Post Games, this area is earmarked for redevelopment, making way for the additional housing being proposed as part of Phase 2;
NB 'a' and 'b' allow for Birmingham to meet its obligation to the Commonwealth Games Federation of delivering 6,500 bed spaces;
- c) A number of privately owned sites adjacent to BCU are required for the Games time Village underlay/overlay and wider area improvements. Acquisition of these, through negotiation and Compulsory Purchase Order (CPO), was agreed in the Outline Business Case in June 2018. The sites are being acquired by BCC who will benefit from the development of the site in legacy and used to enable delivery of the games time village including site for temporary overlay;
- d) An outline planning application for the post games development of the overlay/Phase 2 site has been submitted and is currently out to consultation.

It should be noted these legacy proposals are informing the Games time master plan which is owned by the Organising Committee.

Wider Regeneration comprises: -

- The delivery of highways improvements and public transport enhancements including the station and bus interchange;
- Delivery of the development opportunities including commercial and residential growth in the centre and additional housing growth across Perry Barr. This growth is facilitated by the improvements that are being introduced.

The OBC, approved in June 2018, set out the programme of interventions across the whole of Perry Barr at an anticipated capital cost of £519.4m

The aspects of the OBC that are not being progressed by this FBC are:

- The Highways work around Perry Barr District Centre. This includes capping of the Birchfield Roundabout; gyratory improvement works to the A34 adjacent to the One Stop Shopping Centre and the introduction of the bus and cycle routes through the Centre – separate business cases will be presented for approval in due course.
- Improvements to Perry Barr railway station, the Bus Interchange and the introduction of the wider Sprint Bus Rapid Transit network is being delivered by the Combined Authority (CA). Approval for these works will be progressed through the CA's own governance process. However the works will be carried out in close co-ordination with the Council.
- Retrofitting of the residential scheme post Games to include the introduction of kitchens, flooring and some minor internal alterations. A separate business case will be submitted in due course if this option is progressed.

To facilitate the proposals, a CPO was made on 7th December 2018 and notices serviced to affected parties by 14 December 2018. (The maximum extent of the CPO is shown in Appendix 1). Subject to the Order being confirmed and land not being secured by negotiation in advance, it is expected the land required for the overlay and Phase 2 regeneration will be vested in early 2020.

Following a procurement exercise, the contract to manage and co-ordinate the delivery of all the plots on the residential scheme, including the award of sub-contracts for individual plots to be developed by Tier 1 contractors, was awarded to Lendlease Construction (Europe) Limited. In order to ensure the accommodation is delivered in time for the Games, Lendlease Construction (Europe) Limited has undertaken an extensive design review exercise, referred to as Stage 3+, which has resulted in refining the design.

The review also considered potential to deliver the scheme in time for the Games. This concluded Plot 10, originally scheduled to be built prior to the Games, to be delayed and built post Games. This has had the positive effect of reducing the risk of the highway works adjacent to the Village impacting its delivery timescales. In order to meet the City Council's commitment to provide 6,500 bed spaces, the additional

provision will be provided in Oscott Gardens, a former BCU student accommodation facility.

A4. Scope

The scope of this FBC is to deliver : -

- A. The residential developments at Perry Barr, which will temporarily form the residential element of the Athletes' Village and in legacy, provide 1,416 homes. Of these, 1,177 will be built prior to the Games.
- B. The infrastructure required to provide the Games time Village including the refurbishment of Oscott Gardens and the preparation of the overlay site.
- C. Acquisition through negotiation or CPO of all interests in the land outlined in plan attached (which shows the maximum potential extent) required to deliver the regeneration of Perry Barr. This enables delivery of the overlay facilities, transport infrastructure and wider area improvements.

A5. Scope exclusions

Beyond the village a significant level of infrastructure and transport improvements are being undertaken. These include: -

- I. Overlay of Commonwealth Games Federation temporary buildings. The Residential Village and underlay will be handed over to the Federation in January 2022 to allow time for the erection of these building prior to the Games.
- II. Plot 10 vertical construction will be constructed post Games. A decision on whether the scheme is developed by the Council or a private developer will be informed by the Disposal Strategy which is expected to be developed in late 2019.
- III. Following consultation and if the decision is made to proceed with these works, removal of the flyover adjacent to Gailey Park and A453 reconfiguration will be delivered by BCC as part of a separate scheme of works in 2020/21.
- IV. Following consultation and if the decision is made to proceed with these works, capping of Birchfield Roundabout will be delivered by BCC as part of a separate scheme of works in 2020/21.
- V. Introduction of a bus and cycle way will be delivered by BCC as part of a separate the scheme of highway works in 2020/21
- VI. Introduction of a Sprint bus service will be delivered by TfWM as part of a separate scheme of works in 2020/21
- VII. Improvements to the Railway station at its existing location will be delivered by TfWM as part of a separate scheme of works in 2020/21.
- VIII. Improvements to the bus interchange adjacent to One Stop shopping centre will be delivered by TFWM as part of a separate scheme of works in 2020/21
- IX. Improvement to the existing subway located south of the railway station will be delivered by the Combined Authority as part of the scheme of works to improve the Perry Barr railway station and Bus Interchange in 2020/21.
- X. An outline planning application has been submitted and is currently out to consultation. Works undertaken as part of Phase 2 will be considered through separate business cases presented in the future.

B. STRATEGIC CASE

This sets out the case for change and the project's fit to the Council Plan objectives

B1. Project objectives and outcomes

The case for change including the contribution to Council Plan objectives and outcomes

The proposed development at Perry Barr is in line with the Council's plans for growth as set out in the Birmingham 2031 Development Plan. The Village forms the first phase of significant proposals for Perry Barr.

This proposal is also consistent with the Council's Vision and Forward Plan 2018 key priorities by:

- Birmingham is an aspirational city to grow up in – the redevelopment of Perry Barr will lead to a step change in the local Neighbourhood and ensure a safe, warm, sustainable and connected environment in which our children can thrive;
The regeneration would provide an inspirational focus for work with children and young people. The Games, particularly, can be used in tailored curriculum work at schools, provide volunteering opportunities for students and opportunities for children and adults. While the regeneration with its improved housing and enhanced green spaces coupled with better education and community facilities, will provide a nicer living environment, this will all aim to contribute to the mental health and wellbeing of the local community;
- Birmingham is a great city to live in – the Council is committed to the development of enough high

quality new homes to meet the needs of a growing city, and the proposals within this report seek to support housing growth in the city.

An essential part of the Games is the provision of the Commonwealth Games Village. This would be a development of approximately 1,177 homes used to house the athletes and officials during the Games. After the Games these will be refurbished and made available to a range of tenants including social/affordable rent, private rent, homes for sale and an extra care village. The Village will be the catalyst for an accelerated programme of regeneration in Perry Barr including significant investment in infrastructure. This will in turn lead to the development of additional homes in the wider area. Phase 2 will deliver up to a further 500 homes including a number of homes suitable for family accommodation.

Alongside this, the regeneration of the sites at Perry Barr brings a quantum of development into the heart of the urban area sufficient to affect genuine change in the housing market; this impact will spread and accelerate the delivery of housing on smaller nearby sites.

- Birmingham is an entrepreneurial city to learn, work and invest in – activity within the construction sector will create jobs and apprenticeships in the city, and activity in the supply chain industries, supporting the local economy through the Birmingham Business Charter for Social Responsibility;
- Birmingham is a fulfilling city to age well in – the links between health and housing are well recognised. The scheme will see the construction of new thermally efficient, economical to run new homes which are designed to high standards of quality and internal space standards will be more affordable for residents and will offer a higher quality of life leading to better health outcomes. The Village will be designed to maximise positive health outcomes, providing an environment that promotes health and wellbeing, including mental health. The Games are a significant opportunity to promote a healthy and active lifestyle.
- Birmingham residents gain the maximum benefit from hosting the Commonwealth Games – the development of accommodation for athletes will assist with improved housing together with the regeneration of Perry Barr will provide benefits to Birmingham residents. The regeneration is proposing to accelerate existing planned improvements to the public transport network, providing high quality transport in Games time and delivering a sustainable legacy transport network in line with Birmingham Connected and the HS2 Growth Strategy.

Birmingham Business Charter for Social Responsibility (BBC4SR)

The certification of Lendlease Construction (Europe) Limited to the BBC4SR has provided the opportunity to gain commitments to support new entrants into jobs, apprenticeships, work experience and graduate placements. This is coupled with the development of an on-site training and engagement facility that will be also used at evening and weekend as a local community provision

Lendlease Construction (Europe) Limited is an accredited signatory to the BBC4SR and has an action plan in place with commitments proportionate to the value of the contract in accordance with the charter themes. The action plan supports new entrants into jobs, apprenticeships, work experience and graduate placements. This is coupled with the development of an on-site training and engagement facility that will be also used at evening and weekend as a local community provision.

B2. Project Deliverables

These are the outputs from the project eg a new building with xm2 of internal space, xm of new road, etc

Phase 1 of the Perry Barr Regeneration scheme will deliver: -

- Construction of the residential accommodation for the Games providing 1,177 residential units. The units will exclude kitchens but include partition walls to provide the bed spaces necessary for Games time. Post Games retrofitting will be necessary to prepare these homes for their end use. This will include the introduction of kitchens, flooring and some minor internal alterations. A disposal strategy will determine whether the optimal approach is to undertake this work in advance of disposal or to dispose of the properties before the work is undertaken, leaving the purchaser responsible for the works. The table below shows the property type in legacy: –

Plot	Property Type	No of units	No of bedrooms in legacy	No of comm. Units
1	Apartment	47	1	3
	Apartment	71	2	
	Duplex	4	2	

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2	Apartment Apartment	31 62	1 2	
3,4 5	House Affordable House Affordable House Mews House Mews	6 52 4 7	3 4 3 4	
6	Apartment Apartment	121 147	1 2	1
7	Apartment Apartment	130 137	1 2	5
8	Duplex Apartment Apartment Duplex	8 72 76 2	2 1 2 3	
9	Apartment Apartment Duplex	80 85 7	1 2 2	
10*	Site infrastructure			
11	Apartment Apartment Village Hall	12 16	1 2	2
Total		1,177		11

*NB Plot 10 will be constructed post Games with 78 x 1 bed apartments, 161 x 2 bed apartments and 1 commercial unit.

- b) Refurbishing of Oscott Gardens. This former BCU student accommodation consists of 9 separate blocks, containing a total of 419 rooms. The buildings are functionally fit-for-purpose and require no major works and will provide accommodation for 400 athletes. It should be noted the site may be demolished post Games and form part of Phase 2 development;
- c) Introducing services to plot 10 in readiness for vertical construction post Games;
- d) Provide an underlay infrastructure that will be used to introduce the overlay games time operation and services. The underlay will provide the utility services required for the Games time overlay provision and Phase 2 development. It should be noted, the Organising Committee will fund the total cost for the overlay facilities and services and this is work is out of scope for the Council;
- e) Acquisition through voluntary negotiation where possible or CPO where necessary of land necessary to facilitate the delivery of the Perry Barr regeneration.

B3. Project Benefits

These are the social benefits and outcomes from the project, eg additional school places or economic benefits.

Measure	Impact
<i>List at least one measure associated with each of the objectives and outcomes in B1 above</i>	<i>What the estimated impact of the project will be on the measure identified – please quantify where practicable (eg for economic and transportation benefits)</i>
Birmingham is an aspirational city to grow up in - Students in Education will be supported across Birmingham schools through governors, reading, mentoring and career advice, curriculum support, employability support and business projects.	As part of the Social Value commitments confirmed by Lendlease Construction (Europe) Limited at least 10,000 Students will be supported across Birmingham including post 16 and SEN schools. This will include, mentoring and career advice, curriculum support, employability support and business projects.
Birmingham is an entrepreneurial city to learn, work and invest in – New jobs in construction and development will be created during the construction period of the Athletes Village.	The scheme is providing at least 2,000 jobs and creating 400 new jobs in construction, including 50 apprenticeships, during the construction period.
Birmingham is a great city to live in – New homes will be made available to a range of tenants including social/affordable rent, private rent, homes for sale and an extra care village. The investment	Phase 1 will build 1,416 homes. Of these, 1,177 will be built prior to the Games. Up to 500 additional homes will be built as part of Phase 2 post Games as well as unlocking the wider growth potential in the area.

in infrastructure will lead to the development of additional homes in the wider area	
Birmingham is a fulfilling city to age well in. The Village will provide a pleasant and green environment helping to improve the quality of life of the local population along with their mental health and well-being.	The village will have 338 trees providing a net increase of 66 additional trees from previously. There will also be a village green located within the centre of the complex providing a significantly improved green environment.

A detailed Benefits Register is attached at G5 below.

B4. Benefits Realisation Plan

Set out here how you will ensure the planned benefits will be delivered

By delivering the Games Village and providing the infrastructure to unlock future development sites around Perry Barr the schemes will: -

Ordinarily, the Commonwealth Games Federation would nominate a host city 7 years prior to the Games providing ample time for development and preparation of the facilities. From being selected to host the Games in December 2017, the Council has 4 years to undertake work. In order to manage this timescale the Council has worked hard to reduce the risk of failing to deliver through:-

- a) The council has selected Lendlease Construction (Europe) Limited to deliver the residential complex. It has extensive experience of major projects being delivered to time cost quality, a successful track record of working on large complex schemes, including the delivery of the athlete's village for the Gold Coast Commonwealth Games 2018 and the Elephant and Castle development in London.
- b) Contractual commitments have been established with clear delivery dates and target costs. A Preliminary Services Contract (PSC) was provided to ensure early preparatory works could commence. A more detailed Construction Delivery Agreement (CDA) is being drafted that will provide contractual commitments for the duration of the scheme.
- c) In the case Lendlease Construction (Europe) Limited cease to operate an alternative management contractor will be procured and the Tier 1 contractors selected to deliver the scheme will operate under their instruction.
- d) Significant upfront design work has been undertaken and standardising where possible the design. This will ensure buildability and identify possible areas of difficulty early on. Early engagement with contractors has been undertaken to ensure building the design is achievable within the timescales.
- e) A robust governance structure has been established to monitor progress and manage dependencies, risks and issues, as they arise. Clear tolerance and escalation levels are set to ensure issues are identified and managed in a timely manner;
- f) Modern construction methods are being considered to build parts of the scheme, with less reliance on skilled labour, materials and offering reduced completion times.
- g) Confirmation of goods and labour required for the main construction is being undertaken to ensure its availability at the appropriate times.
- h) Work is co-ordinated and dependencies are managed between highways, the Village and the Stadium to minimise impact on the surrounding highway infrastructure and local communities.
- i) In the unlikely event the residential scheme, or a part, is not completed in time for the Games, a plan B is being developed where existing accommodation across the City is used to house athletes and officials.
- j) Stretched Social value targets have been set and will be monitored on a monthly basis to ensure compliance.

B5. Stakeholders

A stakeholder analysis is set out at G4 below. A summary of consultation responses is in the covering Executive report.

C. ECONOMIC CASE AND OPTIONS APPRAISAL

This sets out the options that have been considered to determine the best value for money in achieving the Council's priorities

C1. Summary of options reviewed at Outline Business Case

(including reasons for the preferred option which has been developed to FBC)

If options have been further developed since the OBC, provide the updated Price quality matrix and recommended option with reasons.

Options to consider how Birmingham would manage the needs of the athletes and officials during the Games were considered and this provided two main options: -

1. To house athletes and officials at a dedicated purpose built village. This has been well received by the CGF and formed a part of Birmingham's initial bid to the CGF for hosting the Games. This would deliver an improved environment within the Perry Barr centre and act as a catalyst to generate further development opportunities and deliver future growth in the area. It is anticipated that a significant number of additional new homes will also be delivered across the wider area over the next 15 years.
2. To house the athletes at various locations across the city and scale back the development of the residential village. This would significantly limit the legacy opportunity for Perry Barr. Alternative accommodation would need to be sought for athletes and officials at locations across the city at significant cost to the Birmingham City Council with no enduring benefit or positive legacy.

C2. Evaluation of key risks and issues

The full risks and issues register is included at the end of this FBC

1. The timescales to deliver the residential scheme are extremely tight with handover to the Federation due in early 2022. The scheme is required to be being delivered in less than 4 years where other such developments are usually expected to be complete within 7 years.
2. Risk costs of programme may increase significantly due to the supply chain not meeting the cost of the programme due to future economic changes and currency fluctuations.
3. Risk that contractors or sub-contractors becoming insolvent due to poorly performing contracts of cash flow issues.
4. Programme for transport related schemes may not align with the Village construction programme and compromise project delivery of village and/or transport infrastructure schemes.

C3. Other impacts of the preferred option

Describe other significant impacts, both positive and negative

Positive Impacts: -

1. Provides much needed housing to the area
2. Significant improvement in terms of green space
3. Unlocks development potential and on-going regeneration of the area
4. Provides capital receipts from sale of accommodation post Games
5. The highways works will provide for an improved public realm,
6. Improved public transport priority and cycle routes through the area will be provided
7. The public transport improvements will provide for better access to rail and bus services, better modal interchange, and a more attractive environment for passengers.
8. Wider site assembly will both facilitate the delivery of the schemes outlined above and will enable the delivery of new development to improve the local centre and provide additional housing post-Games

Negative Impacts: -

1. The works will provide disruption to both business and residents in the area but this will be kept to a minimum. The contractors on the various schemes being developed across the Perry Barr area will work together to minimise disruption.

D. COMMERCIAL CASE

This considers whether realistic and commercial arrangements for the project can be made

D1. Partnership, Joint venture and accountable body working

Describe how the project will be controlled, managed and delivered if using these arrangements

N/A

D2. Procurement implications and Contract Strategy:

What is the proposed procurement contract strategy and route? Which Framework, or OJEU? This should generally discharge the requirement to approve a Contract Strategy (with a recommendation in the report).

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An initial procurement exercise undertaken in the summer of 2018 to award the contract to deliver the residential scheme was unsuccessful, the scheme was deemed too large and too risky from a programme and reputational perspective for a single contractor to complete works on a fixed price, lump sum design and build basis. A revised procurement strategy was to award a contract to Lendlease Construction (Europe) Limited using the Scape National Construction – Principal Works framework agreement in accordance with its direct award protocol. Lendlease Construction (Europe) Limited will procure, manage and co-ordinate the delivery of all the plots, including the award of sub-contracts for individual plots to be developed by Tier 1 contractors.

On 9th October 2018, the Corporate Director, Economy in conjunction with the Director of Commissioning and Procurement, the Corporate Director, Finance and Governance (or their delegate) and the City Solicitor (or their delegate) approved the award of a contract to Lendlease Construction (Europe) Limited for the development of the residential element for the Commonwealth Games Village.

The Council has entered into a number of additional contracts to support the delivery of the scheme. These include: -

Service	Provider
Employers Agent, Quantity Surveying and pre RIBA Work Stage 3. Stage 3 onwards Project Management; Supervisor and Design Assurance services for the residential village.	Arcadis LLP
Site Investigation and Geotechnical Services	White Young Green Ltd
Demolition and remediation of the BCU site	DSM Demolition Ltd
Professional advice on acquisitions/disposals.	Various

There is a requirement to carry out procurement processes for a number of other contracts to support the wider Perry Barr regeneration. These include: -

Service
Demolition and Remediation works to land the Council has acquired outside Phase 1.
Consultancy service to develop a disposal strategy for the residential village
Health and Safety Advisory role

D3. Staffing and TUPE implications:

There are no TUPE implications with this project but a number of staff from the Council are committed to ensuring the successful delivery These include: -

Programme Sponsor
 Accounts and Financial support
 Programme Management
 Project Management
 Site assembly and property acquisition
 Demo and remediation
 Project Management Office

E. FINANCIAL CASE

This sets out the cost and affordability of the project

E1. Financial implications and funding

[illegible]

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[illegible]

E2. Evaluation and comment on financial implications:

Funding Implications

The Council has assembled a package of funding to deliver the whole Perry Barr regeneration scheme totaling £492.6m. This comprises: -

The City Council through the West Midlands Combined Authority (WMCA) has been successful in securing a £165m grant fund from Central Government towards building the infrastructure on Perry Barr. £148.3 million will be provided directly to the City Council to support the delivery of the Athletes village, highway works and wider land assembly programme with the remainder (£17m) being provided to the WMCA with responsibility for delivering the new Perry Barr Station Interchange. Government is proposing to make annual payments via a Section 31 agreement, with the Authority, in return:

- reporting into the appropriate Commonwealth Games governance structures to provide assurance and oversight;
- being open and transparent with their delivery plan, if requested by Government;
- providing annual assurance from S151 officer that funding has been spent on the project and future funding can be drawn down;
- providing ongoing reporting of housing delivery for the Perry Barr regeneration to enable the impact of the funding to be monitored by Central Government
- Birmingham City Council is responsible for delivery and any cost overruns.

The total funding secured for the programme including the Infrastructure Fund is provided below: -

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Description	Contribution Towards Programme (£m)
Government Infrastructure Fund	148.300
Learning & Skills Council	1.500
LRF	20.100
Local Growth Fund (Highways)	1.100
Capital receipts secured from sale of residential accommodation	261.957
Capital receipts from sale of land secured through CPO	51.8
Net Revenue Contribution	7.897
Total Funding	492.611

It should be noted that whilst £310m of the overall funding package will be delivered from the sale of land and residential accommodation post-games, the expenditure will be incurred in advance of the receipts being generated. This expenditure will therefore be funded through prudential borrowing in the first instance, with the interest incurred on this borrowing capitalised, and then subsequently repaid once the land receipts crystallise.

Capital Costs to Deliver Programme

The costs to deliver the programme of works are expected to be £492.611m, with funding provided from a number of sources. The table below provides a breakdown of the funding being made available:-

Description	Contribution towards Residential Accommodation (£m)	Contribution towards Village (£m)	Contribution towards Perry Barr Wider Regeneration (£m)	Total
Residential village (Phase 1 construction) Includes site infrastructure & services, legacy retrofit costs	317.168			317.168
Land assembly, Acquisitions and remediation	17.684	49.430	17.814	84.928
Highways works. Includes a £3m contribution from BCR	15.361		11.739	27.100
Fees	28.739		0.065	28.804
Capitalised Interest	24.334			24.334
Contingency	8.692	0.989	0.596	10.277
Total Expenditure	411.978	50.419	30.214	492.611

In the unlikely event that the level of contingency identified in the above table proves to be insufficient, a further £10m of capital contingency (forming a part of the overall £25m capital contingency within the Council's overall approved capital budget) is ringfenced to be available for delivery of this scheme, subject to review by the Council's Capital Board and approval of Cabinet to the formal allocation of the corporate contingency, compliance with the change control and approval process in place for the scheme.

This funding will contribute towards: -

- Building the residential village;
- Retrofit of the properties post Games;
- Acquisition of properties with the line boundary shown in Appendix 1;
- Introduction of underlay works to support the Games time overlay requirements and Phase 2

- development;
- Building the related highway and transportation infrastructure works - details for which will be provided through separate business cases.

E3. Approach to optimism bias and provision of contingency

The early engagement of Lendlease Construction (Europe) Limited as lead contractor for the construction of the accommodation, together with the advanced negotiations to agree acquisition costs for the necessary land to deliver the village, has resulted in a high level of cost certainty for overall project delivery. Initial feedback from Lendlease has also indicated that tenders received from Tier 1 contractors are within the identified cost envelopes for individual phases of the housing development.

A modest level of contingency has been identified at a programme level, amounting to £10.277m. Access to this contingency will be closely managed and controlled through a rigorous and challenging change control process that will require approval of all requests in advance of expenditure being incurred.

E4. Taxation

Describe any tax implications and how they will be managed, including VAT

This project includes substantial levels of land acquisition, and the nature of the construction being undertaken is likely to result in the majority of expenditure being standard rated for VAT.

Acquisition costs are all considered inclusive of SDLT implications, and it is considered that the VAT liability relating to the construction costs will be either recoverable as it will result in non-business usage, or can be managed within the overall VAT partial exemption limits for the Council.

F. PROJECT MANAGEMENT CASE

This considers how project delivery plans are robust and realistic

F1. Key Project Milestones

The summary Project Plan and milestones is attached at G1 below

Planned Delivery Dates

Residential Village Scheme

Cabinet Approval of OBC	June 2018 completed
Selection of Lendlease Construction (Europe) Limited to deliver residential village	Nov 2018 completed
Planning Application for Residential Village granted	Dec 2018 completed
Preliminary Services Contract awarded to Lendlease Construction (Europe) Limited	Feb 2019 completed
Commence preliminary works on site	May 2019 completed
Complete BCU site demolition and remediation	June 2019
Commence site wide infrastructure works	June/July 2019
Commence plots construction	June/July 2019
Complete plots construction	Feb 2022
Completion of public realm	May 2022

Games Time Village and Wider Regeneration

Land acquisitions by negotiation	Ongoing
CPO made	Dec 2018
CPO Inquiry	July 2019
Confirmation of CPO (anticipated)	Autumn 2019
Vesting of land through CPO	Winter 19/20
Assembly and preparation of Games-time Village site complete – handover to Organising Committee	Jan 2022

F2. Achievability

Describe how the project can be delivered given the organisational skills and capacity available

Phase 1

Lendlease Construction (Europe) Limited has a strong track record of delivering large scale high profile developments, including the Olympic Park Athletes Village, the Athletes Village for the Gold Coast Commonwealth Games 2018 and the Elephant and Castle development in London. The option to use Lendlease to retrofit the residential blocks post games is available under the procurement route taken and further consideration will be given to the best option at a later stage.

Arcadis LLP, an experienced organization has been appointed to the role of Project Manager and Supervisor under the NEC contract to assure deliver plans and quality of deliverables in maintained.

Robust Governance to ensure effective oversight and timely decision making is being introduced.

Regular monitoring of spend against profile is being established with clear thresholds for approval.

Delivery of the scheme split between a number of Tier 1 contractors to reduce the risk of failure to deliver to timescales. Lendlease Construction (Europe) Limited will manage the contractors.

Under the circumstances where Lendlease Construction (Europe) Limited are unable to operate, an alternative Managing Contractor would be procured to lead the development.

Robust project plan established with levels of contingency built in.

Upfront review of the design has been undertaken to ensure contractors are able to deliver their allocated scheme.

Selection of materials, fixtures and fittings are being standardised wherever possible to ensure availability and affordability.

Games Time Village

The Commonwealth Games Federation Partnership to support the Authority in providing an effective and successful Games-time village.

A multi-disciplinary team, including a range of delivery partners, and strong governance is in place to manage and deliver the scheme.

The Games-time delivery is supported by our strong links with Gold Coast – the previous Host City – and the input of other experts with learning opportunities from their recent experiences and their ongoing advice regarding delivery and legacy

The Council has also appointed a specialist with experience of operational facilities requirements of major Games to work alongside Officers and provide support.

Wider Regeneration

A number of consultants and property agents are working with the Council to manage the property acquisitions process.

The Council has a strong track record of delivering major regeneration and capital projects where necessary using compulsory purchase powers over many years, in respect of which it has been supported by successive Secretaries of State who have confirmed the Orders. These include housing (with BMHT being the largest housebuilder in the city in recent years), and transport infrastructure such as New Street Station/Birmingham Gateway.

Significant internal resource is committed to the programme and additional resources required to ensure the timely delivery of the projects are provided. This includes expertise in: -

Programme and project management;
Housing development;
Transportation,
Property services,
Planning,
Legal,
Finance,
Procurement.

F3. Dependencies on other projects or activities

In order for the Games to be successfully delivered a number of schemes are currently being progressed including:

- Re-development of the Alexander Stadium
- A number of highway and transport infrastructure schemes across the region including a significant number in Perry Barr
- Upgrades of a number of transport hubs across the city

F4. Officer support

Project Manager: Mumtaz Mohammed

Email: mumtaz.mohammed@birmingham.gov.uk

Tel: 07823 534 979

Project Accountant: Guy Olivant

Email: guy.olivant@birmingham.gov.uk

Tel: 0121 303 4752

Project Sponsor: Ian Macleod

Email: ian.macleod@birmingham.gov.uk

F5. Project Management

Describe how the project will be managed, including the responsible Project Board and who its members are

A Project Board has been set up to oversee the works within the Perry Barr area. It consists of partners responsible for delivering and monitoring the projects set out in this report and includes: BCC Officers - (Planning, Housing, Birmingham Property Services, Procurement, Finance, Legal and Transportation)

Transport for West Midlands (TfWM)

Homes England

West Midlands Combined Authority

Arcadis LLP

A project board is being established to oversee the delivery of the residential scheme that will consist of representatives from Sponsor, Senior Customer, Finance, Procurement, Senior Supplier, Programme Management and PMO.

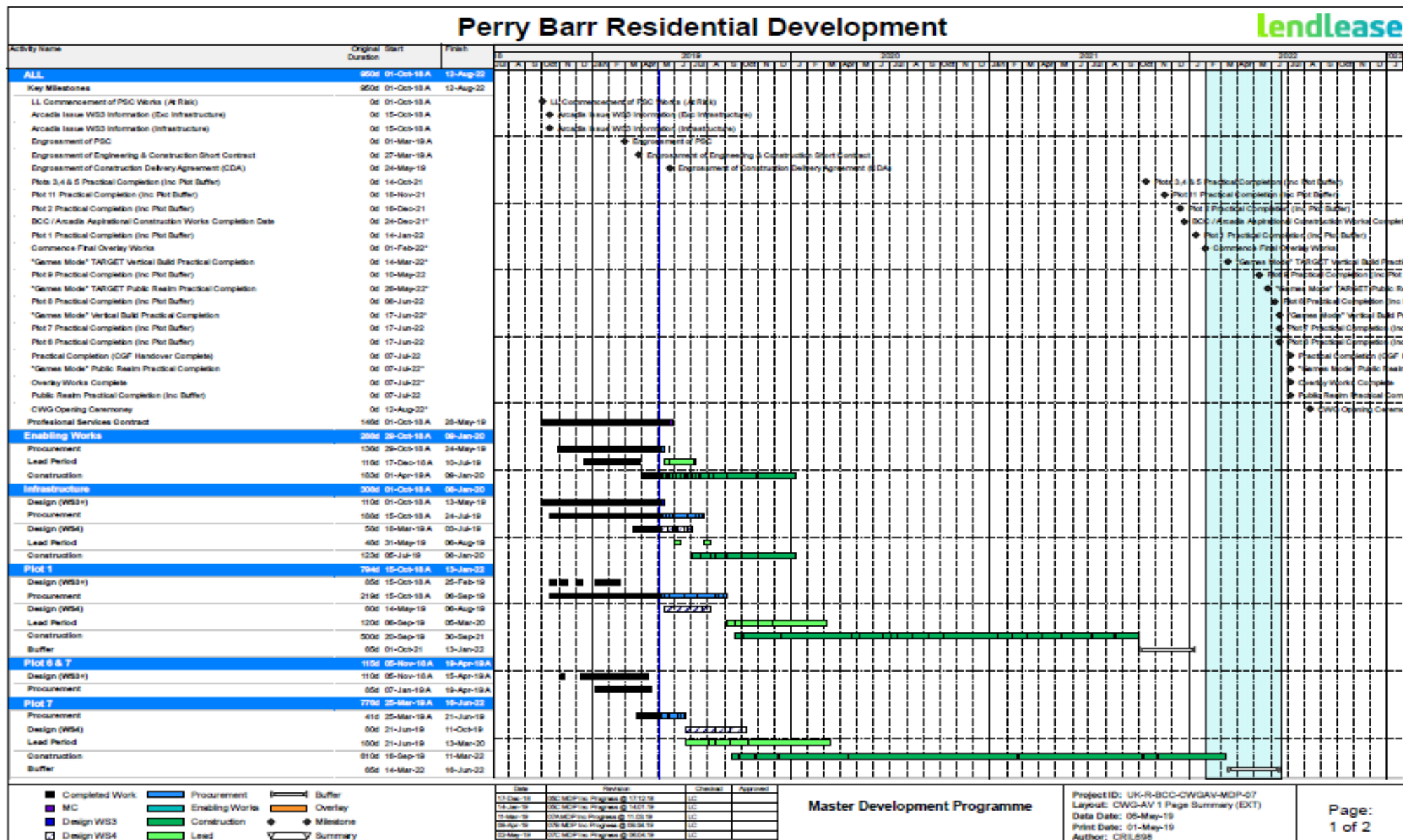
The Capital Programme Board oversees the delivery of all capital projects associated with the Game and convenes every 4 weeks. The Board consists of representatives from Commonwealth Games Federation, Alexandra Stadium, Games Village, Birmingham City Council and other key stakeholders. The organogram is provided indicating the internal Governance structure for the Games.

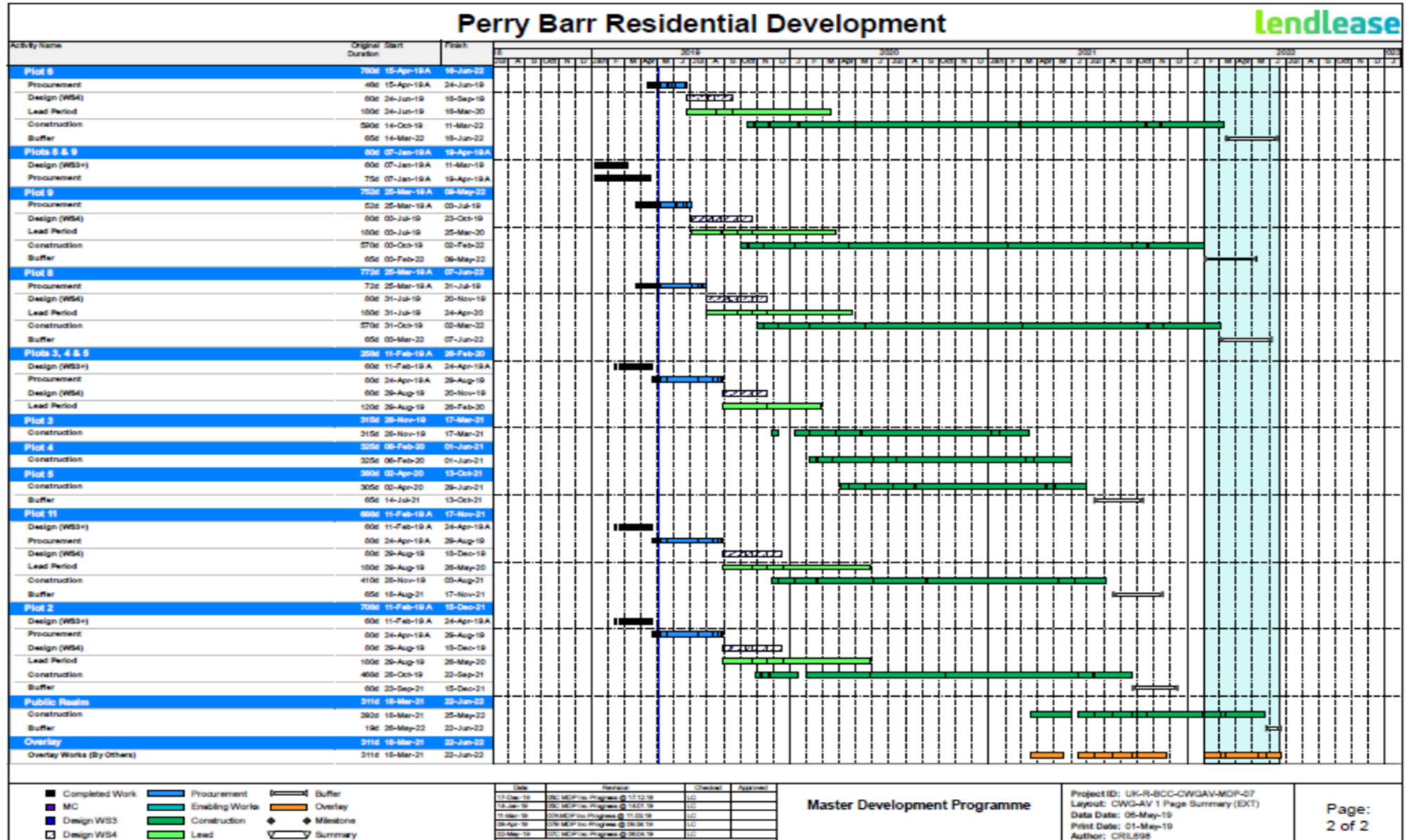
G. SUPPORTING INFORMATION

(Please adapt or replace the formats as appropriate to the project)

G1. PROJECT PLAN

APPENDIX A





G2. SUMMARY OF RISKS AND ISSUES REGISTER

Risks should include Optimism Bias, and risks during the development to FBC

Grading of severity and likelihood: High – Significant – Medium - Low

KEY RISKS

Risk ID	Description including Games Consequences	Original RAG	Owner	Mitigation	Update	Residual / Current RAG	Proximity	Escalate Y/N?	Resolution Target Date
R111	Programme for transport related schemes (i.e. highways improvements, train station, A34 Sprint) may not align with the village construction programme and compromise project delivery of village and/or transport infrastructure schemes.	25	BCC	Project managers ensure co-ordination of designs and construction plans integrate between schemes.	11/02/19 - Transport infrastructure Group meetings continue to be held regularly.	16	Approaching		On-going
New	The Business Case for the Athletes Village, and in particular the level of contingency included within the financial plan is below the level that would be required to ensure Green Book compliance		BCC	Project level contingency supplemented by additional £10m ringfencing of Council's overall Capital Contingency. Risk of need to access contingency reduced by approach to contracts including fixed price contracts and role of Lendlease.		16	Approaching		On-going
R36	Site access, egress, logistics, labour materials etc. are restricted for construction traffic due to associated other construction works taking place in the vicinity (i.e. Highways (Sprint) Rail upgrade, Utility works or work associated with neighbouring schemes resulting in a delay to the construction programme.	20	BCC	1. BCC to appoint a co-ordinating manager for co-ordinating all works associated with works around the CWG Village. 2. BCC to ensure that there is an agreed set of rules that all contractors working around the Athletes village are signed up to and that there is a regular forum which all contractors attend to co-ordinate works. 3. Project Manager to	A construction programme is being prepared which will lead to a CEMP and site logistics.	12	Approaching	N	On-going

APPENDIX A

				ensure that rules are issued at tender stage to the tendering primary contractor for the Athletes village.					
R60	There is a risk that the main contractor or sub contractor(s) becomes insolvent due to poorly performing projects and cash flow issues resulting in the need to re-procure a main contractor/sub-contractor and the project stalling.	15	BCC	1. Lendlease will ensure that a thorough financial check is undertaken on short listed primary contractors and key sub-contractors. 2. BCC to consider taking out a bond to enable them to complete the works without the need for a lengthy re-procurement exercise.	Due diligence being undertaken on the T1 contractors by Lendlease as part of the pre-selection process ahead of tendering for each plot	10	Distant	N	Jul 19
R28	There is a risk the supply chain may not meet the cost of the programme due to future economic changes and currency fluctuations which may lead to a sub-optimal design/product.	12	BCC	Employer's Agent seek to amend contract conditions so risk of supply chain insolvency and price fluctuations sit with the main contractor.	Being discussed as part of early engagement by Lendlease and the T1 contractors.	9	Distant	N	Jul 19
R133	There is a risk the programme budget may be exceeded due to the very tight timescales and level of challenge with building a scheme of this size and complexity	12	BCC	Early engagement of Lendlease Construction (Europe) Limited as lead contractor for the construction of the accommodation. Identify a level of contingency at a programme level. Access to this contingency to be closely managed and controlled through a	The early engagement of Lendlease Construction (Europe) Limited as lead contractor for the construction of the accommodation, together with the advanced negotiations to agree acquisition costs for the necessary land to deliver the village, has resulted in a high level of cost certainty for overall project delivery. Initial feedback from Lendlease has also indicated		Distant	N	On Going

APPENDIX A

				rigorous and challenging change control process that will require approval of all requests in advance of expenditure being incurred	that tenders received from Tier 1 contractors are within the identified cost envelopes for individual phases of the housing development.				
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G3. EXTERNAL FUNDING AND OTHER FINANCIAL DETAILS

Description of external funding arrangements and conditions, and other financial details supporting the financial implications in section E1 above (if appropriate)

Description	Value (£m)
Government Infrastructure Fund	148.300
Combined Authority Brownfield Land and Property Development Fund (BLPDF) which supports early acquisitions and utility works	1.500
Learning & Skills Council	20.100
Local Growth Fund (Highways)	1.100
Capital receipts secured from sale of residential accommodation	261.957
Capital receipts from sale of land	51.8
Net revenue Contributions	7.9
Total Funding	492.6

G4. STAKEHOLDER ANALYSIS

The stakeholder matrix below provides details of many of the key stakeholders associated with the delivery of the schemes and gives an indication of their level of involvement in delivery.

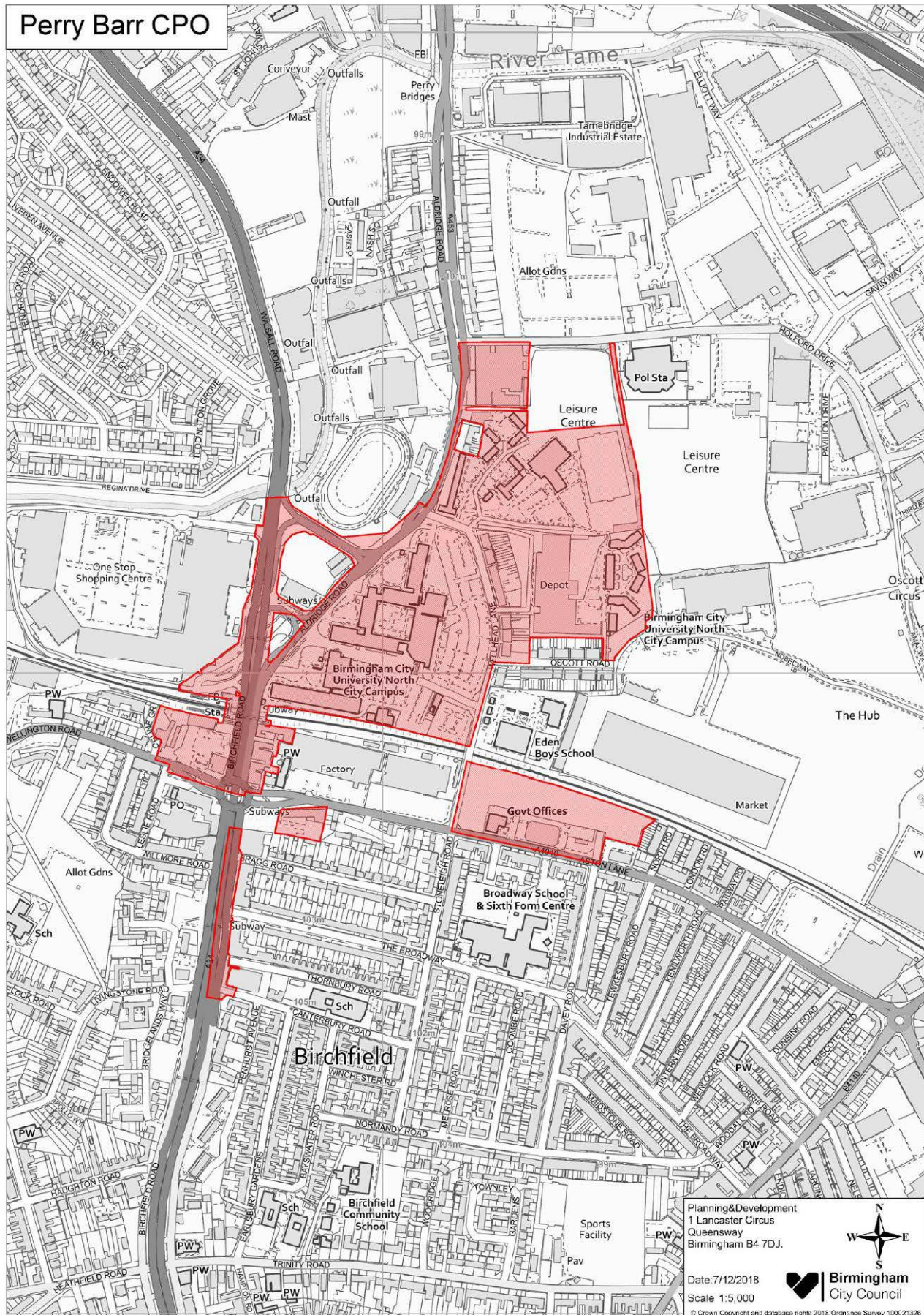
Stakeholder Matrix					
Name	Role/Company	Responsible	Accountable	Consulted	Informed
Media	Press				ü
Councillor Ian Ward	Leader of Council			ü	
Councillor Morriam Jan	CLlr for Perry Barr			ü	
Councillor John Hunt	CLlr for Perry Barr			ü	
Khalid Mahmood	MP for Perry Barr			ü	
Waheed Nazir	Corporate Director Inclusive Growth		ü		
Neil Carney	Programme Director - Commonwealth Games		ü		
Kathryn James	Assistant Director of Property	ü			
Dawn Bexandale	Chief Executive Officer	ü			
Andrew Street	Mayor of West Midlands				ü
Clive Heaphy	Chief Finance Officer		ü		
Dave Wagg	Project & Client Manager, Strategic Sport		ü		
Councillor Sharon Thompson	Cabinet Member for Homes and Neighbourhoods			ü	
Councillor Tristan Chatfield	Cabinet Member for Finance and Resources			ü	
	Transport for West Midlands (TfWM)	ü			
	West Midlands Police	ü			
	Organising Committee		ü		
	National Express West Midlands			ü	
	Emergency Services	ü			
	Network Rail			ü	
	High Speed2			ü	
	Birmingham City University	ü			
	West Midlands Combined Authority			ü	
	One Stop Shopping Centre			ü	

G5. BENEFITS REGISTER

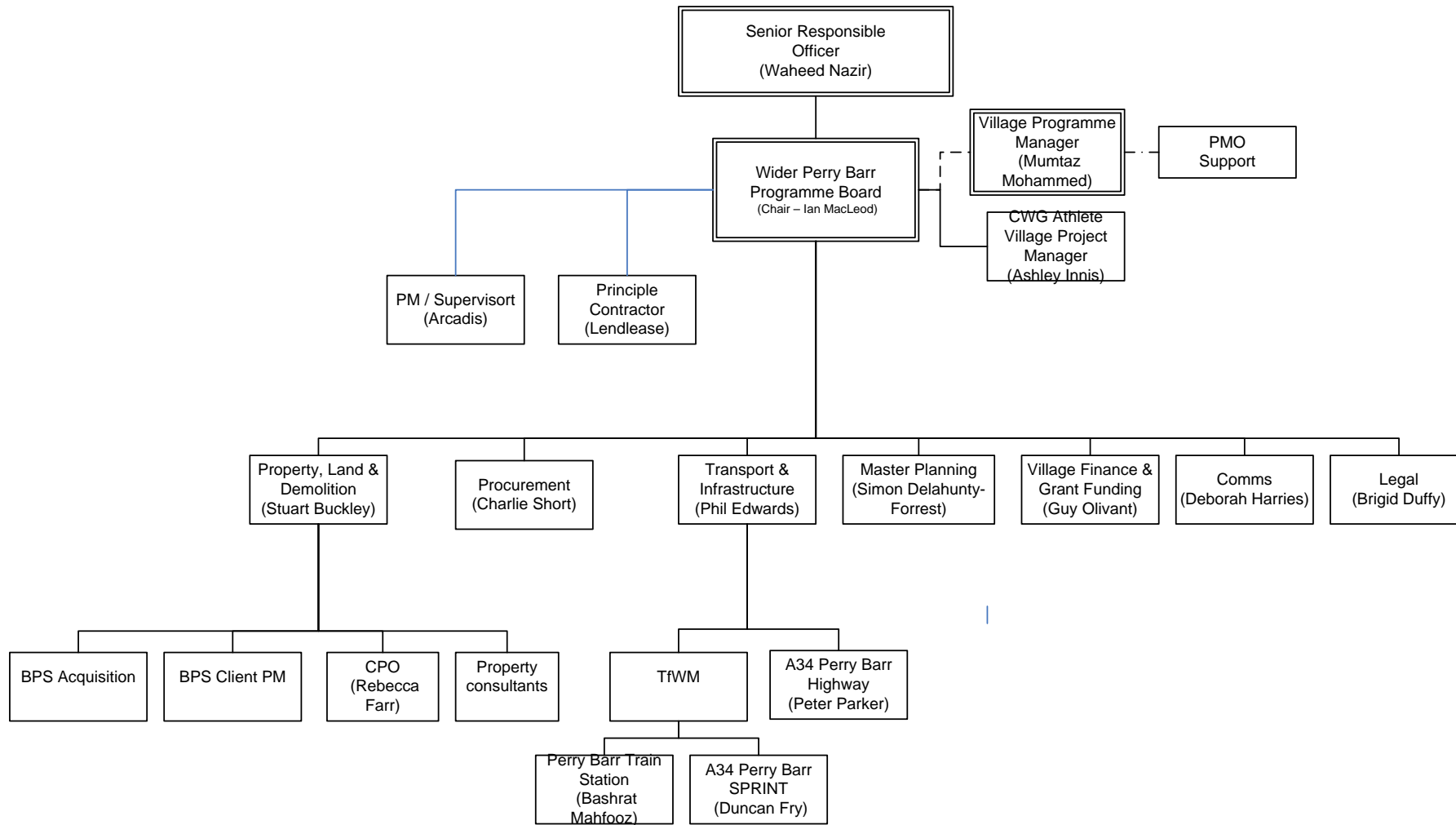
For major projects and programmes over £20m, this sets out in more detail the planned benefits. Benefits should be monetised where it is proportionate and possible to do so, to support the calculation of a BCR and NPSV (please adapt this template as appropriate)

Measure	Annual value	Start date	Impact
<i>List at least one measure associated with each of the outcomes in B1 above</i>			<i>What the estimated impact of the project will be on the measure identified</i>
(a) Monetised benefits:	£1,412,000	April 2024	Council tax income from the 1177 homes.
(b) Other quantified benefits:	1177 new homes		
	Infrastructure in place to build another 500 new homes as part of Phase 2.		
	Infrastructure available to build 239 apartment block on plot 10		
(c) Non-quantified benefits:	<p>a. Facilitate the delivery of the Games, which will bring significant economic benefits to the immediate area, the City and the Region. The Games will demonstrate on a global stage that Birmingham is a young, diverse, entrepreneurial and exciting city, and will see a raised profile for the region before, during and after the Games. This will generate a range of economic opportunities—promoting tourism, investment, business and delivering employment, training and volunteering opportunities for our citizens. Working closely with partners across the region to deliver a Games that reflects the City and the wider West Midlands will strengthen regional partnership and drive a joint regional ‘effort’.</p> <p>b. Directly enable and accelerate the development of around 5,000 new homes to the area, enabling and promoting higher density development, in line with the strategy for growth set out in the BDP.</p> <p>c. Enable major investment in transport infrastructure across the area as part of the delivery of the ‘Birmingham Connected vision’. This vision seeks to create a transport network which is equitable, efficient, sustainable, healthy and attractive to support economic growth.</p> <p>d. The delivery of infrastructure at Perry Barr and along the A34 corridor will be accelerated by this project. This will in turn stimulate significant private sector investment, thereby increasing investor confidence, employment opportunities and regeneration across the wider area.</p> <p>e. Increase land values, creating certainty for investors and raising the profile and the city.</p> <p>f. Create new jobs through construction and end use.</p> <p>g. Provide a new and diverse housing offer, including apartments, family housing and an Extra Care Village within a range of tenures, which will create a revitalised and increasingly mixed community in the area.</p> <p>h. Improve local centre provision, both the ‘offer’ and quality of buildings (as many premises are out dated or in poor condition, which projects a poor environmental image).</p> <p>i. Improve the quality of the urban environment and public realm including a number of accessible green spaces, new as well as retained/relocated trees, and significantly enhanced walking and cycling routes.</p>		

Perry Barr CPO



Commonwealth Village & Wider Perry Barr Programme Structure



Internal Structure and Governance Organogram

POLITICAL

OPERATIONAL

