

Birmingham City Council

Report to Cabinet

27 July 2021



Subject: Birmingham 2022 – Update on the Perry Barr Regeneration Scheme FBC

Report of: Ian MacLeod Acting Director Inclusive Growth

Relevant Cabinet Member: Cllr Ian Ward, Leader
Cllr Tristan Chatfield, Finance and Resources.

Relevant O & S Chair(s): Cllr Mariam Khan, Learning, Culture and Physical Activity, Cllr Shabrana Hussain, Economy and Skills; Cllr Penny Holbrook, Housing and Neighbourhoods, Cllr Mohammed Aikhlaq, Resources.

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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): Perry Barr, Aston, Birchfield		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 008307/2021		
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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential:		

1 Executive Summary

- 1.1 This report summarises the progress made on the delivery of the Perry Barr Regeneration Scheme (PBRS) since the approval by Cabinet, of the Revised Full Business Case (RFBC) on 17 March 2020 and seeks approval for the Updated RFBC (Appendix 1) including the Disposal Strategy.

- 1.2 The March 2020 RFBC was developed on the basis that the Commonwealth Games Federation was to accommodate most of its 6,500 athletes and officials at the Perry Barr Athletes' Village (now known as PBRs). Planning consent is in place for delivering a total of 1,414 homes across eleven development plots. Authority was granted to develop eight of these plots (Plots 1, 3, 4, 5, 6, 7, 8, and 9) within the consent, to provide 1,151 residential units, with Plots 2, 10 and 11 planned for development or disposal post-Games.
- 1.3 At the time of the March 2020 RFBC approval, the Council was in contract via a Construction Development Agreement (CDA) with Lendlease Construction Europe Ltd (Lendlease) for the development of the eight plots. Lendlease had awarded contracts to Tier 1 contractors for the development to Games-specification of Plots 6, 7, 8, and 9. The contract for the delivery of Plot 1 was in negotiation and the delivery approach for Plots 3, 4 and 5 was being reviewed.
- 1.4 In March 2020, the World Health Organisation declared COVID-19 as a global pandemic. In response to the emerging working environment the Council, in consultation with the Birmingham 2022 Commonwealth Games Organising Committee and Government undertook a review into the deliverability of the PBRs for Games-time from both a programme and value for money perspective.
- 1.5 An early outcome of this review was to cease design works (RIBA Stage 4 design partially complete) on Plot 1 and to omit it from the scope of the Games-time development. This decision was taken following a review into the commercial viability and affordability of Plot 1.
- 1.6 Following further review into the deliverability and affordability to the Council of the remaining plots under construction, and when considering the additional costs required to accelerate and de-risk the programme for Games-time, and in response to COVID-19, a decision was confirmed by the Commonwealth Games Federation (CGF) to omit the PBRs from Games-time usage in August 2020. This created an opportunity for the Council to deliver homes ready for occupation earlier than originally anticipated. The Council continues to consult with the Games Programme to coordinate any relevant interfaces around Games operations.
- 1.7 Since the March 2020 RFBC the delivery of Plots 3, 4 and 5 has been removed from the scope of the Lendlease CDA via change control following a review into the optimal delivery approach.
- 1.8 The March 2020 RFBC did not include the budget for the post-Games additional interior fitout works (predominantly floor finishes and kitchens) for any of the plots. This paper now seeks approval of the budget to undertake these additional fitout works to complete the 968-homes within Plots 6, 7, 8, and 9 in readiness for market disposal and occupation. These works are required to

enable the Council to gain maximum capital receipts from the disposal of the completed homes.

- 1.9 Progressing straight to the legacy development also improves the sustainability credentials of the project by eliminating sacrificial fixtures, fittings and building materials that would have been used only for Games-time.
- 1.10 To optimise the commercial benefits for the Council, a Disposal Strategy has been developed for the scheme. This recommends the phased delivery of the development plots in order to ensure a balanced supply of new housing to the market. The additional fitout works will be phased, and the sequence is informed by, and will coordinate with the Disposal Strategy.
- 1.11 The Wider Village sites (see Appendix 1) – which would have been used for Games-time operations – are at varying stages of remediation and demolition. The Updated RFBC that forms part of this report includes proposals to undertake additional demolition and remediation work required to make the sites suitable for market disposal and/or future development.

2 Recommendations

- 2.1 Approves the Updated Revised Full Business Case (URFBC) for the Perry Barr Regeneration Scheme as set out above and in Appendix 1 including the Disposal Strategy.
- 2.2 Notes the progress made on the delivery of the PBRs as set out in Section 3 of this report.
- 2.3 Delegates approval of the final disposal terms of the plots as per the Disposal Strategy (summarised in sections 4.9 to 4.13), to the Leader of the Council in consultation with the Assistant Director Property Services in consultation with the City Solicitor (or their delegates).
- 2.4 Delegates authority to approve the revised design, procurement and delivery strategy for Plots 3, 4 and 5 and to award contracts for the works to the Acting Director, Inclusive Growth in conjunction with Assistant Director, Development and Commercial and the Director of Council Management (Interim) and the City Solicitor (or their delegates).
- 2.5 Delegates authority to develop a strategy including the procurement route in consultation with the Cabinet Member for Finance and Resources and then to award contracts for the delivery of the additional fitout works to Plots 6, 7, 8 and 9 to the Acting Director, Inclusive Growth in conjunction with the Assistant Director, Development and Commercial, and the Director of Council Management (Interim) and the City Solicitor (or their delegates).
- 2.6 Delegates authority to develop a strategy including the procurement route in consultation with the Cabinet Member for Finance and Resources and then to award contracts for the delivery of the additional demolition and remediation

works to the sites adjacent to the Residential Scheme (Wider Village) to the Acting Director, Inclusive Growth in conjunction with Assistant Director, Development and Commercial and the Director of Council Management (Interim) and the City Solicitor (or their delegates).

- 2.7 Delegates authority to develop a strategy including the procurement route in consultation with the Cabinet Member for Finance and Resources and then to award contracts for the delivery of the works required to manage the PBRS estate during handover and post completion to the Acting Director, Inclusive Growth in conjunction with Assistant Director, Development and Commercial and the Director of Council Management (Interim) and the City Solicitor (or their delegates).
- 2.8 Delegates authority to develop a strategy including the procurement route in consultation with the Cabinet Member for Finance and Resources and then to award contracts for the delivery of the works required to discharge the planning conditions related to noise impacts from the Tufnols site (see Section 3.10) to the Acting Director, Inclusive Growth in conjunction with Assistant Director, Development and Commercial and the Director of Council Management (Interim) and the City Solicitor (or their delegates).
- 2.9 Delegates approval of the leasehold disposal (minimum five (5) years) of the Council owned land known as Plot 10 (Gailey Park) at the Perry Barr Residential Scheme at the highest recommendable offer as detailed in this report in paragraph 3.12.
- 2.10 Authorises the City Solicitor to execute and complete all necessary legal documents to give effect to the above recommendations.

3 Background

- 3.1 This report is an update to the RFBC approved on 17 March 2020 which updated the Economic, Financial and Commercial Cases of the June 2019 FBC. It also provides a progress update of the work undertaken since then.
- 3.2 In March 2020, the World Health Organisation declared COVID-19 as a global pandemic. In response, the Construction Leadership Council (CLC) published guidance by which construction sites should adhere, to continue with safe operations whilst maintaining social distancing. Lendlease took the decision to temporarily cease site operations to undertake an assessment of the working procedures and confirm compliance with CLC guidance. The site returned to operations shortly after, albeit with a reduced rate of productivity due to social distancing restrictions.
- 3.3 In response to the emerging working environment the Council, in consultation with the Birmingham 2022 Organising Committee and Government undertook a review into the deliverability of the scheme for Games-time.

- 3.4 In August 2020 the Commonwealth Games Federation (CGF) confirmed the decision to accommodate athletes and officials at alternative locations in the West Midlands, de-scoping the Perry Barr Athletes' Village from the Games-time use.
- 3.5 Following the CGF's decision in August 2020, BCC removed the PBRS from the Birmingham 2022 Programme and commenced a transition to the delivery of legacy plans. The main actions were:
- (a) Residential Scheme –
1. Omission of Games-time requirements for bedroom door locks, floor finishing and temporary wall partitions.
 2. Accelerate delivery of the Disposal Strategy for Plots 1 to 11 (summarised in Appendix 1).
 3. Commercial review of the strategy and design for Plots 3, 4 and 5 in order to optimise commercial viability. A summary is set out in the Disposal Strategy.
 4. Acceleration of the additional fitout specification for Plots 6, 7, 8 and 9 that will ensure the homes are suitable for occupation.
 5. Accelerate the production of the Estates Management Strategy for Plots 1 to 11 including public realm.
- (b) Wider Village –
1. Sites will be demolished and prepared to a suitable specification for disposal and/or development.
- (c) Wider Perry Barr regeneration –
1. Sites will be demolished and prepared to a suitable specification for disposal and/or development.
- 3.6 Alongside the additional benefits outlined in the March 2020 RFBC, several additional benefits are generated by progressing the scheme to final fitout of Plots 6, 7, 8 and 9:
- Progressing straight to the legacy development improves the sustainability credentials of the project by eliminating sacrificial fixtures, fittings and building materials that would have been used only for Games-time.
 - Additional fitout works to Plots 6, 7, 8 and 9 will be undertaken earlier than originally planned to enable earlier occupation of the new homes.
- 3.7 The original scope of works for Games-time consisted of three major projects:
- (a) Residential Scheme – construction of residential units to house athletes and officials during Games-time and provide legacy benefits.

(b) Wider Village – delivery of sites to be temporarily developed by the OC for Games-time operations.

(c) Wider Regeneration – delivery of sites at Birchfield Gateway for legacy development.

- 3.8 The A34 Highways Scheme (Perry Barr Flyover) was included within the overall budget for the PBRs however the approval to deliver the scheme was granted via a separate Full Business Case, approved by Cabinet 15 October 2019. Any cost variations relating to the A34 highways scheme, including any use or release of approved capital contingency, remain within the overall funding approvals for the PBRs.
- 3.9 As part of the Disposal Strategy, a spatial and commercial review was undertaken of Plots 3, 4 and 5. This identified an opportunity to increase the quantum of homes, diversify the range of home types and sizes, and optimise commercial benefits for the Council.
- 3.10 Planning consent for the PBRs included several conditions to be satisfied by the Council and their contractors. Most of these conditions have now been addressed however there is an outstanding condition regarding the impact of the noise emanating from the Tufnols plant located south of the scheme, which is the responsibility of the Council (as the developer). The noise has an impact principally on the properties within Plots 5 and 6 and the Council is currently taking advice on how best to remediate the matter with the most suitable option to deal with the issue at source. Once a solution has been determined, a procurement exercise will be undertaken to award a contract to design and install the recommended solution.
- 3.11 The opportunity to use the Oscott Gardens buildings as temporary accommodation has been reviewed by the Housing department. Works will be required to remediate the internals of the buildings to a standard suitable for occupation as temporary accommodation subject to further approval.
- 3.12 Plot 10 is being utilised by the contractor for the A34 works as a compound until Q1 2022. Following that, there is an opportunity to utilise the plot as a commercial space to include a sales and marketing suite to promote the sale of PBRs homes and which would create further opportunity for small and local businesses to set up (food, beverage and retail) on a temporary basis prior to the commencement of development works on Plot 10. This opportunity is being developed to align with the Games timescales such that visitor footfall can be captured by the sales and marketing suite enabling the Council to optimise potential sales of new homes. This report seeks approval for a leasehold disposal of Plot 10 to a specialist operator for a minimum term of 5 years. The specialist operator will be responsible for the works to create the commercial units to facilitate small business operations (above).

4 Options Considered and Recommended Proposal

4.1 An options analysis was undertaken on each element of the PBRs.

4.2 **Plots 3, 4 and 5:** the March 2020 RFBC set out the intent to deliver 57 homes across Plots 3, 4 and 5 for appropriation to the Housing Revenue Account (HRA) following the Games. The Disposal Strategy (summarised in Appendix 1) recommends that the affordable housing required by the planning condition is delivered across Plots 7, 8 and 9. This strategy enables the Council to consider a redesign of Plots 3, 4 and 5 to increase the number of homes, refine the range of house types, size and tenures, and deliver optimised commercial returns as well as contributing more effectively to the regeneration of Perry Barr and improving the 'placemaking' opportunities. A proposal is being developed in consultation with the Planning department and this report seeks to delegate authority for approval of the developed design and instruction of the necessary works. An analysis was undertaken into two options:

- (i) **Option 1:** proceed in line with the intent set out in the RFBC and deliver 57 large family homes for appropriation to the HRA for social housing.
- (ii) **Option 2:** revise the design to optimise the use of available land within the plots and consider the potential incorporation of the Hare of the Dog public house (subject to planning approval) to deliver more units than originally planned. The net internal area of the homes will achieve National Space Standards and therefore deliver an increase in the overall square footage of residential space and a broader tenure mix and range of home sizes. The overall affordable housing provision has been reviewed, concluding that distribution between Plots 7, 8 and 9 will enable the Council to meet the planning condition requirements. This will allow Plots 3, 4 and 5 – and all other uncommitted development plots - to be optimised commercially.

4.3 When considering the benefits associated with a wider-range of affordable housing across Plots 3-9 and the ability to optimise the receipts generated by Plots 3, 4 and 5, the recommendation is to progress Option 2.

4.4 Plots 6, 7, 8 and 9: informed by the Disposal Strategy an assessment has been undertaken into the options for delivering the legacy fitout to Plots 6, 7, 8 and 9. A total of eight options were considered:

- (a) **Option 1:** Lendlease undertake the fit-out work to all plots and complete the public realm in line with the Stage 3+ design.
- (b) **Option 1A:** Lendlease undertake the fit-out work to Plots 7, 8 and 9 and complete the public realm in line with the Stage 3+ design. The fit-out of Plot 6 is delivered after a procurement process led by the Council.
- (c) **Option 2:** Lendlease complete the public realm in line with the Stage 3+ design. The Council tenders the fit-out work to all plots and award to a single contractor.

- (d) **Option 2A:** Lendlease complete the public realm in line with the Stage 3+ design. The Council the fit-out work to Plots 7, 8 and 9 awarded to a single contractor. The fit-out of Plot 6 is completed by the extra-care housing provider.
 - (e) **Option 3:** Lendlease complete the public realm in line with a reduced scope as proposed by Lendlease in December 2020. The Council tenders the fit-out work to all plots awarded to a single contractor. The Council also tenders the works required as a separate contract to replace and complete the public realm in line with the Stage 3+ design.
 - (f) **Option 4:** Lendlease undertakes the additional fitout work for Plot 7 and complete the public realm in line with the Stage 3+ design. The Council tenders the additional fitout work to Plots 8 and 9 awarded to new contractor(s). The additional fitout works for Plot 6 is completed either by the extra-care housing provider/purchaser or by the Council, whichever optimises cost efficiency.
 - (g) **Option 5:** Lendlease complete the construction of all plots (e.g. not fit-out) and vacates the site without undertaking any of the public realm works. The Council tenders for the fit-out of all plots and the public realm (in line with the Stage 3+ design) as two separate contracts (e.g. fitout as one contract and public realm as another).
 - (h) **Option 6:** Lendlease complete the construction of all plots (e.g. not fit-out) and complete the public realm in line with the Stage 3+ design however they do not allow access for any other contractors awarded by the Council until Lendlease works are complete.
- 4.5 An Options Assessment Panel was convened to review the analysis and evaluate the options using a pre-determined, objective set of criteria including cost, time, risk and quality.
- 4.6 The results of the evaluation demonstrated that **Option 4** will deliver best value for the Council and is therefore the recommended option: Lendlease undertakes the additional fitout work for Plot 7 utilising their existing supply chain (subject to demonstrating best value) and complete the public realm in line with the Stage 3+ design. The Council tenders the additional fitout work to Plots 8 and 9 awarded to a new contractor(s). If Lendlease cannot achieve best value in delivering the fitout for Plot 7, then the Council will tender the work. The additional fitout works for Plot 6 is completed either by the extra-care housing provider/purchaser or by the Council, whichever optimises cost efficiency. The justification for this recommendation is provided in Appendix 1.
- 4.7 The scope of the March 2020 RFBC for the Wider Village and Perry Barr Regeneration sites was focused on facilitating Games-time operations and set out the scope and budget for completing some demolition and remediation

works. Additional demolition and remediation works are required to optimise the sites for development/disposal. Two options have been considered:

- (a) **Do nothing:** no additional works over-and-above those agreed in the RFBC. Sites could be disposed of to the market, however due to the additional work required to make them ready for development, the sales value would be sub-optimal.
- (b) **Undertake additional demolition and remediation:** in line with the deliverables set out in Appendix 1, Section B2 bringing all of the sites to a standard that can be developed/disposed of for the next phase of housing.

4.8 The preferred option is to undertake additional demolition and remediation work in line with the deliverables set out in Appendix 1, Section B2.

4.9 Disposal Strategy – Summary

4.9.1 The disposal strategy has been developed to optimise the outcome for the Council by balancing these key factors:

- Market absorption rates - how quickly completed homes can be sold, rented or occupied;
- Sales receipts for each plot - whether capital value or investment value;
- That the property and tenure type is attractive to a broad range of occupier and customer demographics;
- The sequence of plot-by-plot construction completions and subsequent occupation of homes will kick-start and sustain a thriving new community;
- The planning condition requirement for delivery of Affordable Housing across the PBRS.

4.10 Further details of the Disposal Strategy developed by Avison Young, on behalf of the Council, are summarised in Appendix 1, Section C1.

4.11 The strategy identifies the plot-by-plot approach, and the plots as a combined, cohesive development. The summary is as follows:

Plot	Sale Strategy	Residential Tenure
6	Sale to single Extra Care operator	Extra Care
7	Sale and Leaseback with institutional investor	Built to Rent (BtR)
8	Direct sale to owner occupier market	Private sales
9	Informed by sales / rent market	Private sales / Build to Rent

- 4.12 The strategy for Plot 9 will respond to evidence of emerging market demand from Plot 7 and Plot 8. Discussions with Homes England are ongoing for the possible use of some apartments with Plots 8 and 9 as part of the Ministry of Housing Communities and Local Government (MHCLG) First Homes initiative, which would further diversify the market demographic.
- 4.13 The disposal strategy provides a balanced, risk-adjusted approach to disposal of the four plots under construction. In addition, it will enable the Council to optimise the commercial and placemaking approach to the uncommitted development plots within PBRs (e.g. Plots 1, 2, 10 and 11), including the potential inclusion of properties for appropriation into the HRA.

5 Consultation

- 5.1 There is ongoing dialogue with Ward Councillors for Perry Barr, Aston and Birchfield to keep them up to date on progress of the residential scheme, the associated transport and place making activity, and the regeneration of the wider area. All consultations to date have been well received.

6 Risk Management

- 6.1 A thorough review of the risks associated with delivering the remainder of the construction phase, and with the implementation of the proposed additional fitout works has been undertaken as part of the business-as-usual risk management process and to inform this business case. The key risks associated with the delivery of the scheme are:
- 6.1.1 COVID-19 may continue to impact productivity throughout and beyond 2021 – social distancing, self-isolation and absenteeism may persist and continue to reduce productivity from the supply chain. **Mitigation:** the project will operate within Government guidance and keep measures under continuous review to ensure that they fully comply with guidance.
- 6.1.2. Costs for additional fitout Plots 6, 7, 8 and 9 may exceed the estimates set out in this paper. **Mitigation:** benchmark data has been used to derive the cost estimates, inflation applied in line with the programme to undertake the works and a suitable contingency included to account for the risk of change in market conditions.
- 6.1.3 The market conditions may fluctuate due to the residual impact of COVID-19 and Brexit, reducing market appetite for new apartments in Perry Barr. **Mitigation:** specialist consultant procured to develop the Disposal Strategy which considers market risk and incorporates latest intelligence. Conditions to be continuously reviewed as the marketing approach is developed.
- 6.2 In support of the programme-wide risk review and to inform the evaluation of contingency, a Quantitative Risk Analysis (QRA) has been undertaken, using industry standard methodologies to establish a likely cost and schedule risk

exposure to the project. The outcome from this analysis has been utilised to inform the level of contingency required for the project.

- 6.3 The Council is working with partners and contractors to closely monitor and manage project risks and issues and has implemented an enhanced risk management regime in response to the challenges presented by COVID-19 and other external factors in the last twelve-months.

7 Compliance Issues

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

7.1.1 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 PBRs forms the first phase of development for Perry Barr and provides the catalyst for future regeneration as part of the emerging 2040 Masterplan.

7.1.2 This proposal is also consistent with the Council's Vision and Forward Plan 2018 – 2022 (updated 2019) key priorities:

- **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.
- **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.
- **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.

7.1.3 The PBRs will deliver the following outcomes:

- Planning consent has been obtained to deliver 1,414 new homes across the eleven residential plots. The predicted timeline of completion of the first phase of residential units will be Plot 6 (268

units) to be delivered to an extra-care housing provider (Q2 2023), Plot 7 (270 units) to be delivered (Q4 2022), Plot 8 (217 units) to be delivered (Q2 2023) and Plot 9 (213 units) to be delivered (Q2 2023). This phased delivery programme reduces the negative impact of over-supply of new homes to the market.

- The Wider Village project will deliver an area of land situated in the heart of Perry Barr and suitable for development; an outline planning consent is in place for 500 residential properties.
- The Perry Barr Regeneration project will deliver an area of land situated in the heart of Perry Barr and suitable for development, in line with and subject to market demand.

7.1.4 Birmingham Business Charter for Social Responsibility (BBC4SR)

7.1.5 The BBC4SR will be a mandatory requirement that will form part of the conditions of each contract with the successful contractor. Tenderers will submit an action plan with commitments that will be managed and monitored during the contract period.

7.1.6 Specific social value outcomes relevant to each contract will be included in the tender strategy report when the procurement route is agreed and will include tenderers being made aware of local need and the social values outcomes being achieved for other PBRs projects to build upon and realise any synergies. The tenderers will be required to address the following:

Local Employment

- Employment and employability opportunities for the target groups particularly young people.
- A strong local employment offer, including full time equivalent jobs, apprenticeships, student placement and work experience, with the focus on the hardest to reach groups particularly focused on the Perry Barr ward and the surrounding area.

Buy Local

- Spend to be, as practically as possible, with local, small and medium enterprises as well as social enterprises within a 30 mile radius of the scheme.

Partners in Communities

- Bidders and their supply chain will need to utilise their community reach and focus their outcomes on community cohesion with sensitivity to local demographics.

- Working with schools to focus on increasing attainment and employment options for those students facing disadvantage and education on.
- Working with schools and community organisations to focus on sustainability in the construction environment
- A robust understanding and methodology for community engagement,

Good Employer

- Provide good employment practices to increase the staff employability and quality of employment.
- Demonstration of the provision of in-depth training for their employees in equality, diversity and inclusion.
- Good practices around areas including collective representation, zero-hour contracts, whistle blowing policies.
- The payment of the Real Living Wage down the supply chain is a mandatory requirement in accordance with the Council's policy.

Green and Sustainable

- Plans for a carbon natural position and what activities they are undertaking to achieve that additional to the specification including details relating to transport, recycling, materials used and offsetting.

Ethical Procurement

- The outcomes sought under this theme relate to the treatment of subcontractors in terms of payment and training.
- Evidence will be required as to how the bidder is ensuring that the materials used are sourced ethically

7.2 Legal Implications

7.2.1 The Localism Act 2011 aims to facilitate the devolution of decision-making powers from Central Government control to individuals and communities. Section 1 of the Act contains the City Council's general power of competence, which is circumscribed only to the extent of any pre-commencement, or any specific post-commencement limitations, of that power. Section 111 of the Local Government Act 1972 contains the Council's subsidiary powers to do anything which is calculated to facilitate or is conducive or incidental to the discharge of any of its functions, whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights.

7.2.2 The power to acquire, appropriate and dispose of land is contained in Sections 120 to 123 of the Local Government Act 1972.

7.2.3 Under Section 13 of the Planning and Compulsory Purchase Act 2004 the City Council must keep under review the matters which may be expected to affect the development of their area or the planning of its development.

7.3 Financial Implications

7.3.1 The RFBC approved by Cabinet on 17 March 2020 set out a robust approach to the funding of the overall regeneration scheme that relied substantially on grant funding and disposal proceeds from the onward sale of land and dwellings after the Commonwealth Games in summer 2022, but that also required the utilisation of £35.7million of wider Council capital resources. The RFBC budget of £541.5million however excluded the costs associated with the post-Games fitout of the dwellings to allow onward disposal to individual occupiers.

7.3.2 This update to the FBC for the overall scheme shows total anticipated capital investment of £539.9million (a reduction of £1.6million compared to the March 2020 RFBC), resulting in an adverse impact on the overall net costs of the regeneration scheme, due largely to the exclusion of the construction of Plot 1, the impact of COVID-19 on productivity levels and the inclusion of the previously excluded fitout costs.

7.3.3 Prior to the adoption of further mitigation measures, the refreshed FBC shows an overall funding deficit of £45.795million, including £20million due to COVID-19 impacts and £19.313million due to the inclusion of additional fitout works.

7.3.4 A number of significant opportunities to offset this net funding deficit have been identified relating to the approach to be taken to the redevelopment of remaining elements of the overall PBRS that are not already under construction, with the potential to generate additional net income to the Council of up to £64.5million (net of financing costs). Whilst detailed proposals have not yet been finalised, before any contracts are let or phases/elements commenced, then the full funding envelope for that part will be known and affordable. These opportunities include:

Measure	Net Impact
Revise property mix and quantum on plots 3/4/5	£7.6million
Develop plots 1/2/10/11 prior to disposal	£14.6million
Develop Phase 2 sites prior to disposal	£35.3million
Develop Birchfield Gateway sites prior to disposal	£7.0million
Potential Net Benefit	£64.5million

7.3.5 In addition to the above potential mitigations, future impacts relating to COVID-19 continue to be actively managed, and in the event that restrictions continue to be relaxed it may be possible to identify further savings, given that the FBC is costed on the assumptions that existing restrictions continue for the remainder of 2021 as a minimum.

7.3.6 The revenue consequences of the investment within this FBC relate to any potential council tax liabilities that arise on individual properties prior to their disposal, together with certain fees and interest charges that cannot be capitalised relating to consultation, options appraisal and similar activities, in addition to costs incurred following completion of the investment. These costs amount to £9.8million over the full period covered by the FBC and are offset by interest adjustments between actual costs of borrowing and capitalised interest calculated at the Council's average cost of borrowing totalling £15.9million over the same period.

7.4 Procurement implications

7.4.1 The following works are required to be undertaken and the procurement implications are detailed below:

7.4.1.1 The additional fitout works for Plot 7 to be delivered through the Lendlease CDA and will be instructed via a variation to the existing contract in line with paragraph 2.5, subject to demonstrating best value via this procurement route. If best value is not demonstrated, then the works will be procured by the Council via an alternative route and completed once handover is complete.

7.4.1.2 A procurement strategy for the delivery of the additional fitout works for Plots 6, 8 and 9 will be developed and approved in line with paragraph 2.5 – it should be noted that the works are planned to commence after the buildings are handed over from Lendlease.

7.4.1.3 The additional demolition and remediation works required to the Wider Village sites (as set out in Appendix 1) will require a procurement exercise to be undertaken. As these works are not proposed to commence until Q1 2023 a procurement strategy will be developed and approved in accordance with paragraph 2.6 when the latest market conditions can be considered.

7.4.1.4 A procurement strategy to deliver the works required to discharge the planning condition associated with noise generated from the Tufnols site will be developed and approved in line with paragraph 2.8.

7.1.4.5 Procurement of any enabling works required to develop Plot 10 in preparation for the lease of the site.

7.5 Human Resources Implications (if required)

7.5.1 The Council is providing support, skills and expertise from within existing resources. Where there is a gap in these resourcing requirements, external resources and services have been engaged. These include:

- Programme/Project and Commercial Management skills
- Project Management Office skills
- Disposal Strategy and marketing consultancy services

7.5.2 There are no TUPE implications with this project.

7.6 Public Sector Equality Duty

7.6.1 The equalities implications for the development of the Commonwealth Games Village were set out in the report to Cabinet dated 14 November 2017, updated in June 2018 and then again in March 2019 and presented as part of the approval of the FBC jointly by Cabinet Member and Chief Officer, on 6 June 2019, and the same continues to apply. The report was further updated in March 2021 and no material considerations were identified and continue to apply to the report recommendations as they do not have any adverse impact on the protected characteristics and groups under the Equality Act 2010.

8 Appendices

8.1 List of Appendices accompanying this report:

Appendix	Title
Appendix 1	Update to the PBRs Full Business Case
Appendix 2	Equalities Impact Assessment

9 Background Documents

- 9.1 Joint Cabinet Member Chief Officer Report approved 6 June 2019 - Perry Barr Regeneration Scheme Full Business Case.
- 9.2 Report to Cabinet approved 11 February 2020 – Commonwealth Games – Athletes Village Update (Contracting of Plot 7)
- 9.3 Report to Cabinet approved 17 March 2020 – Birmingham 2022 – Revised Perry Barr Regeneration Scheme FBC (RFBC)