

# Birmingham City Council

## Report to Cabinet

17 March 2020



**Subject:** Birmingham 2022 – Update of Perry Barr Regeneration Scheme FBC

**Report of:** Interim 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 Lou Robson, Economy and Skills; Cllr Penny Holbrook, Housing and Neighbourhoods, Cllr Sir Albert Bore, 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: 007294/2020		
Is the decision eligible for call-in?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
The Report is recommended to be exempt from call in for the following reasons:		
<ol style="list-style-type: none"><li>1. The PBRS programme has critical milestones that need to be met to achieve the commitments made by BCC to host the Birmingham 2022 Commonwealth Games;</li><li>2. With respect to above, all PBRS plots need to be completed and handed over to the OC prior to 31 March 2022;</li><li>3. Plot 1 is on the critical path and will provide 670 beds for Games Time</li><li>4. Negotiations with the recommended contractor for Plot 1 have now been concluded and contract execution is required by no later than 20 March 2020 in order to commence works on site on 30 March 2020 and thereafter maintain programme;</li><li>5. Approval of the RFBC is required to allow BCC to enter into contract with the recommended contractor by this latest date (20 March 2020).</li></ol>		

Does the report contain confidential or exempt information?  Yes  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 sets out the progress made to date on the delivery of the Perry Barr Regeneration Scheme (PBRS) since the approval under delegated authority of the Full Business Case (FBC) on 6 June 2019, and seeks approval to the Revised FBC as set out in Appendix 1 of this report.
- 1.2 Substantial progress has been made in the delivery of the PBRS, with more than 90% of the land required for either accommodation or wider infrastructure improvements now in Council control. Contracts are also in place for the construction of 72% of the 6500 bed spaces required by the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd (OC). The bed spaces are for athletes and officials during the Games.
- 1.3 Progress against the PBRS has been reported through the Commonwealth Games and Council governance arrangements, with key participants including Department of Culture Media and Sport (DCMS) and the Organising Committee (OC). The Council has maintained a robust approach to cost management and control.
- 1.4 In spite of this focus, cost pressures have emerged as a result of the overheated local market, through construction cost price inflation, the demand for construction workers in the Perry Barr area and a fixed delivery date. To mitigate this, design changes had been made including the omission of Plot 2 and incorporation of lost bed spaces in remaining plots. Overall the scheme delivers 97% of the bed space requirements as set out in the Host City Contract, and the OC have stated that it should be possible to manage this small shortfall through effective scheduling of sporting activities.
- 1.5 The table below summarises the emerging cost pressures before mitigation.

Cost pressures before mitigation	Value (£m)	Comments
Increased cost of relocating National Express bus depot.	15.7	Includes construction costs to replace bus depot (£13.8m) and Job Centre relocation (£1.9m)
Increased Housing Construction Costs	48.4	Reflects construction costs inflation due to overheated construction market in Birmingham
Increased Contingency	19.7	This increase in contingency, along with the £10.3m approved in the June 2019 FBC, provides an overall contingency of £30m.
Other minor variations	8.0	This net position includes financing costs and costs arising from other pressures e.g. soil removal plus additional scope items (Oscott Gardens refurbishment).
<b>Funding Pressure before mitigations</b>	<b>91.8</b>	
Preparation for legacy	25.0	Funded from enhanced disposal proceeds.
<b>Net cost increase</b>	<b>66.8</b>	

- 1.6 In order to mitigate the above cost pressures, nine options were identified, evaluated and quantified in order deliver to programme. Following the detailed appraisal, a preferred option has been selected based on its deliverability, cost efficiency and benefits.
- 1.7 The recommended option to mitigate cost pressures and deliver to programme is as set out below.
- 1.8 Preparation for legacy retrofit and demolition / remediation costs, estimated at £25m, are to be de-scoped from the core PBRS proposals. These will be funded post Games from enhanced disposal proceeds. This will be delivered from the disposal of residual plots and sites used during Games time for overlay purposes. This reduces the funding gap for Games time to £66.8m.
- 1.9 Accommodation is to be delivered through Plots 1, 3, 4, 5, 6, 7, 8, and 9, plus Oscott Gardens, but plot 11 is to be de-scoped for reasons of poor value for money. This will deliver a further nett saving of £7m. This option would enable the Council to deliver 6,320 (97%) of the required 6,500 bed spaces as set out in the Games Host City Contract. The Council are in discussions with the OC to find a resolution in respect of the scheduling of sporting activities.

1.10 In addition to the de-scoping of Plot 11, the following considerations should be noted:-

- There is a requirement in relation to the transport mall and associated public realm, and carpets and bedroom locks for which discussions are on-going with partners in line with the principle that BCC is not responsible for the funding of temporary works that do not deliver a legacy benefit;
- Increased Council contributions to the overall costs of the scheme of £35.7m including the Bus Depot overspend (£15.7m), to be funded from Capital Contingency Fund and the residual funding gap (£20m) to be funded from windfall capital receipts;
- The overall impact of these proposals will result in a reduction in borrowing costs of £2.1m, thus fully resolving the identified funding gap.

1.11 The table below summarises revised financial position associated with this option.

	<b>Funding Gap £'m</b>	<b>Direct Games Impact</b>	<b>Comments</b>
Net cost Increase (Current Gap)	<b>66.8</b>		
De-scope Plot 11	(7.0)	Shortfall of 184 bed spaces	Gross costs avoided of £14m, offset by £7m of disposal proceeds
Fund National Express (NX) overspend from capital contingency	(15.7)	None	Includes construction of replacement JobCentre Plus and NX bus depot
Non-BCC funded items (carpets, bedroom locks etc)	(7.0)	None	Only required for Games-time
Contingency	(15.0)	None	Reduces contingency to £15m
Consequential reduction in borrowing costs	(2.1)	None	
<b>Residual Gap</b>	<b>20.0</b>		Funded from windfall capital receipts

## 2 Recommendations

- 2.1 Approves the Revised FBC for the PBRs as set out above and in Appendix 1 of this report.
- 2.2 Notes that subject to the approval of this report Lendlease Construction Ltd (LLC) will enter into a contract with a Tier 1 contractor for the delivery of Plot 1.
- 2.3 Authorises the application for additional grant funding, if opportunities arise, from partners including Homes England and Government, and approve the drawdown of such additional grant funding if made available, subject to existing Games governance arrangements.
- 2.4 Notes the progress made on the delivery of the PBRs as set out in section 3 of this report.
- 2.5 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 PBRs FBC approved on 6 June 2019, and provides a progress update of the work undertaken since then.
- 3.2 The PBRs consists of three major projects:
  1. Phase 1 Residential Scheme – construction of residential units to house athletes during Games time and provide legacy benefits;
  2. Games time village – delivery of sites to be temporarily developed by the OC for Games time operations;
  3. Wider regeneration – delivery of highways improvement and public transport enhancement works.
- 3.3 Since June 2019, the Council has progressed in line with the intent set out in the FBC. Progress is summarised below:-
  - LLC has been appointed under a Construction Development Agreement (CDA) to manage the delivery of the Phase 1 residential scheme;
  - Land assembly is well advanced across the PBRs with more than 90% of land now in Council ownership. All of the industrial units at Holford Corner (location for the Games time transport mall) have been acquired or vested and are now in Council ownership;
  - Over 80% of the houses on Wellhead Lane (land required for Games time operations) have either been acquired or had a price agreed. The remaining properties will be vested by 18th May 2020;
  - Contracts have been executed and work has commenced on site for four plots (plots 6, 7, 8 and 9) which will deliver 72% of the bed spaces required for Games time;

- Negotiations have progressed well with the remaining non-contracted Tier 1 contractors for the construction of the Phase 1 residential developments (plots). Plot 1 is well advanced and the Council will be in a position to enter into contract subject to approval of this report;
- The design maturity has increased to give a greater level of confidence through a more detailed understanding of the complexity, pricing and construction timescales;
- Welfare and training facilities have been constructed, and are in operation at the Phase 1 residential development site;
- The FBC for the A34 Highways Works (Committee Management Information System ref. 006885/2019) was approved by Cabinet on 17 December 2019 and the scheme is progressing.

3.4 The following challenges have been experienced:

- An agreement has been reached with NX for the relocation of their bus depot, which is crucial to the success of the scheme (the current bus depot site will be used as a key part of Games-Time operations). There was however an increase of £15.7m from the costs provided in the FBC driven primarily by an increase in the estimated costs to construct a replacement depot. This cost has now been agreed with NX and is no longer at risk of increasing unless there are additional costs incurred by NX as a result of BCC defaulting under the terms of the funding agreement.
- The cost of residential development in the region has continued to increase due to an overheating construction market, resulting in construction cost price inflation of £48.4m compared to costs identified in the FBC.

3.5 The Council has actively reviewed the cost, schedule and scope of the Phase 1 residential scheme to ensure that the approach and methodology for delivering the scheme is achieving value for money. As such, Plot 2 has been removed from the FBC scope and will be developed post Games and the bed spaces which would have been provided for Games time have been redistributed across Plots 8 and 9. It is also proposed to defer the delivery of Plot 11 to post Games, resulting in a manageable shortfall of 184 bed spaces for Games time and realising a net saving of £7m. The Council are in discussions with the OC to find a resolution in respect of the scheduling of sporting activities.

3.6 The benefits of the Games stretch beyond the display of a world class sporting event, as there are also key legacy benefits which include the regeneration of Perry Barr to become one of the most vibrant, dynamic and well connected parts of Birmingham. The long term benefits remain on track to be successfully delivered. Whilst these benefits are key to driving growth across the City, the Council has been clear that the cost of delivery cannot

be a detriment to the core services of the Council and should not place financial strain upon the citizens of Birmingham.

- 3.7 The Council has been robust in its management of the costs across the scheme, working collaboratively with the Government and Games Partners through established Commonwealth Games governance arrangements.
- 3.8 The Council has reviewed the delivery and commercial models for the scheme, this paper sets out the appraisal undertaken to identify viable and practical delivery options, which only marginally scale back Games time deliverables, whilst maintaining their obligations to the OC and the commitment to delivering legacy benefits for the City.
- 3.9 Nine options for the scope of the scheme were identified of which three were considered as deliverable.
- 3.10 Analysis was undertaken to understand the most efficient and affordable delivery approach. Following the initial assessment, the three deliverable options were considered in greater detail before drawing conclusions and making recommendations; detailed in Appendix 1.
- 3.11 Following the detailed appraisal, a preferred option has been selected based on its deliverability, cost efficiency and benefits. The preferred option is Option 2, Deliver Plots 1, 3, 4, 5, 6, 7, 8, and 9.

#### 4 Options Considered and Recommended Proposal

- 4.1 The options appraisal has focused on the emerging cost pressures associated with the Phase 1 Residential Scheme. The nine options assessed considered the following:
  - Reputational risk to the Council: removing plots from the scope of the residential scheme and re-housing athletes and their support teams during Games time in accommodation elsewhere in the City is likely to have a reputational impact to the Council. Whilst obligations to OC can be met, the inability to house all athletes/support teams at the Games Village, within close proximity to the Alexander Stadium is likely to damage the reputation of the Council. Of particular concern is the additional cost and complexity of maintaining the safety and security of the athletes, and officials.
  - Logistics of transporting athletes/teams: the Games Village is located within one mile of the Alexander Stadium, where the opening and closing ceremonies and some of the key sporting events will take place. The close proximity of the Village to the Stadium enables an efficient and cost effective solution to Games time logistics in terms of transporting athletes to and from their events and training sessions.

- Proximity to facilities: welfare facilities, training facilities and the international zone for the friends and families of the athletes will all be located in the immediate vicinity of the Games Village.
- Accommodation specification: the alternative accommodation used to re-house the athletes displaced by the plots removed from scope will be required to meet the specification set by the OC. Contingency plans in this event involve re-housing athletes in alternative accommodation elsewhere.

4.2 The table below sets out a summary of all the options considered. The subsequent section provides further detail associated with the deliverable options. All options assume Plot 2 and Plot 10 remain de-scoped, with the plot 2 bed spaces included within redesigned plots 8 and 9. All options, with the exception of Option 3, assume Oscott Gardens refurbishment remains in scope to deliver approximately 400 bed spaces for Games time.

Option	Description	Capital Cost	No. beds de-scoped	Deliverable
Option 1	Deliver Plots 1, 3, 4, 5, 6, 7, 8, 9 and 11 (as per FBC, June 2019)	£314m	-	✓
Option 2	Deliver Plots 1, 3, 4, 5, 6, 7, 8 and 9. De-scope Plot 11	£300m	184 (3%)	✓
Option 3	Deliver Plots 1, 3, 4, 5, 6, 7, 8, 9 and 11. De-scope Oscott Gardens	£314m	419 (6%)	
Option 4	Deliver Plots 3, 4, 5, 6, 7, 8, 9 and 11. De-scope Plot 1	£282m	670 (10%)	
Option 5	Deliver Plots 3, 4, 5, 6, 7, 8 and 9. De-scope Plots 1 and 11.	£269m	854 (13%)	✓
Option 6	Deliver Plots 6, 7, 8 and 9. De-scope Plots 1, 3, 4, 5 and 11	£254m	1,416 (22%)	
Option 7	Deliver Plots 1, 6, 7, 8 and 9. De-scope Plots 3, 4, 5 and 11	£286m	746 (11%)	
Option 8	Deliver Plots 1, 6, 7, 8, 9 and 11. De-scope Plots 3, 4, and 5	£299m	562 (9%)	
Option 9	De-scope all residential plots Assumes range of 30-40% of committed costs. Further costs may be incurred including potential handback of funding grants	min £93m	6,086 (94%)	

4.3 Three options (highlighted in grey in the table) were identified as deliverable. Risks and opportunities associated with each option were considered,

taking into account the Council's obligations within the Host City Contract and conditions associated with funding agreements. Reputational risk for both the Council and the Games was also considered including the potential loss of private sector revenue from Games sponsors and broadcasters in the event of deliverability concerns.

4.4 The options were discussed with relevant stakeholders and have been appraised taking account of the delivery consequences to others, e.g. the (DCMS), OC, Transport for West Midlands, (TfWM) and WMCA. The other options were discounted on a cost/ benefit basis.

4.5 The de-scoping of Plot 1 was specifically discounted due to the impact of the loss of 670 bed spaces and the likelihood that the OC would be entitled to claim for compensation or increased costs for providing bed spaces elsewhere. Early indications are that this would be in the region of £9.3m. Furthermore, there is the likelihood of:-

- Reducing overall certainty and confidence with the existing Tier 1 contractors;
- Reducing the long term market value of the residential scheme;
- Reducing the overall number of jobs created in the area as well the loss of opportunity to use local labour and local supply chain.

#### 4.6 Summary of Options:-

4.6.1 Option 1, Deliver Plots 1, 3, 4, 5, 6, 7, 8, 9 and 11. This option considers maintaining the scope of the scheme as per the FBC which was approved in June 2019. This option would enable the Council to meet its obligations of the Host City Contract – to provide 6,500 bed spaces for athletes and officials at Game-Time.

4.6.2 Option 2, Deliver Plots 1, 3, 4, 5, 6, 7, 8 and 9 and de-scopes Plot 11: this option delivers 97% of the bed space requirements as set out in the Host City Contract, and it is expected that it should be possible to manage this small shortfall through discussions with OC where we are looking to find a resolution in respect of the scheduling of the sporting activities.

4.6.3 By de-scoping Plot 11, it removes the worst value for money plot on the residential development which also has an uncertain legacy benefit post-Games. By deferring the delivery of Plot 11 until post-Games, it will be possible to secure an end-user in advance of delivery, and to ensure that the property constructed is optimised for its legacy use.

4.6.4 Option 5 - Deliver Plots 3, 4, 5, 6, 7, 8 and 9 and de-scope Plots 1 and 11: This option comprises a number sub-elements:

- Plots 6, 7, 8 and 9 have already been contracted to be delivered.

- Plots 1 and 11 would in this option be immediately de-scoped and completed post-Games. As a result, the Village would be 854 bed spaces short at Games time against its target of 6,500 bed spaces. Preliminary discussions with the OC have been undertaken and precautionary provisions have been made to re-house the displaced athletes at alternative accommodation should this option be necessary.
  - Plots 3, 4 and 5 will be developed for the Games and the decision of using modular or traditional building techniques will be made by end of May 2020. These plots will provide family homes that will be transferred to the HRA post Games and form part of the 22% affordable housing of the scheme.
- 4.7 The Council, in conjunction with the WMCA and TfWM will continue to progress with plans to improve transport links to and around Perry Barr.
- 4.8 The highway and transport improvements including demolition of the A34 flyover, improved road layout for local citizens and through-traffic, improved public transport including 'Sprint' buses and the enhancement of Perry Barr station are essential and crucial for the legacy scheme but also at Games time to provide an acceptable visitor experience.
- 4.9 The associated improvements to accessibility and public realm are considered essential for the Games time visitor experience.
- 4.10 The impact of not proceeding with the delivery of the A34 Highway, public transport and public realm improvements is: -
- That the extensive demolition in the area and the failure to deliver Birchfield Island and associated public realm improvements would be unattractive to future developers;
  - The Council would fail to realise the potential disposal value of plot 10 (Gailey Park) as it would remain locked within a busy traffic island. This would result in the loss of over 200 residential units and would fail to deliver the number of dwellings for which planning approval has been granted;
  - The existing highway infrastructure would be unable to accommodate the improved public transport facilities required to support the development;
  - The low parking provision of the residential scheme and the desired modal shift to greater use of public transport would not be achievable without the introduction of the highway and transport improvements, diminishing the environmental credentials of the scheme;
  - The market value of the residential scheme would be lower, resulting in significantly diminished capital receipts that would not yield enough savings to match the cost of construction.

- 4.11 It is recommended to deliver option 2: Plots 1, 3, 4, 5, 6, 7, 8 and 9, thereby delivering the housing growth, highways and public transport improvements and the requirements for the Games Village which enables the Council to substantially deliver its obligations within the Host-City Contract.
- 4.12 This option is consistent with delivering an improved sustainable 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 and further improve the commercial viability of the residential scheme being built.
- 4.13 Delivering Plot 1 prior to the Games is considered vital to the enhancement of development value within the scheme and will provide longer term legacy benefits for the delivery of additional housing within the Perry Barr area. It will also avoid the need for additional substantial provisions to be made by the OC for a 'satellite village' during Games time and the associated costs and logistics needed to support it.
- 4.14 The Council will be able to take advantage of the £148.3m Commonwealth Games Athletes' Village Supporting Infrastructure grant provided directly to the Council by Ministry of Housing, Communities and Local Government (MHCLG) to support the delivery of the Games Village, highway works and wider land assembly programme.
- 4.15 In addition, a further £17m was provided to the WMCA with responsibility for delivering the new Perry Barr Station Interchange.
- 4.16 A number of additional deliverables are also required to ensure the Games time village meets the Host City requirements e.g. the provision of a Games time Transport Mall and temporary public realm finishes within the Village. Such deliverables are not BCC costs, however it may be more cost effective for the Council to deliver these schemes, subject to funding being provided by partners and being cost neutral to the Council.

## 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 development of the residential scheme, the associated transport and place making activity, and the regeneration of the wider area. The MP for Perry Barr has also been briefed.
- 5.2 Local people in Perry Barr have been and will continue to be kept informed of progress of schemes in the area through the Perry Barr Commonwealth Games Residents Liaison Group and Birchfield Ward Forum. There has also been significant engagement with people affected by the Compulsory Purchase Order (CPO) process. Response to the residential scheme has

been positive and local people welcome the improvements it will bring to the area.

- 5.3 The OC, DCMS and Ministry of Housing, Communities and Local Government (MHCLG) have been consulted extensively in the consideration of the options and are working closely with the Council to achieve a positive outcome.

## 6 Risk Management

- 6.1 The specific risks and considerations associated with the implementation of the scheme are set out below:

- a. Tier 1 Contractor failure e.g. insolvency, poor performance. There is a risk that the main contractor or subcontractor(s) become insolvent due to poorly performing projects and cash flow issues resulting in the project stalling and the need to re-procure a main contractor and/or sub-contractor(s). To militate against this financial due diligence is undertaken prior to contract award.
- b. Project Acceleration costs due to unforeseen delays. There is a risk of unforeseen delays due to the impact of severe health outbreaks e.g. coronavirus potential to reduce workforce by up to 20%, severe weather conditions, reducing the rate of progress and/or unforeseen events resulting in delays. The contingency provision will remain under active review. Current mitigation measures include: -
  1. Focus on supply chain – localising where possible
  2. Workforce resilience – identifying additional sources of manpower
  3. Extended hours – introducing weekend and evening working to stay on programme
  4. Smarter/agile working – providing the tools to ensure staff are able to work remotely
  5. Reinforcing good health and hygiene practice
- c. Logistics Pressures due to a number of contractors working on site and in the Perry Barr area. There is a risk that site access, labour, materials etc. are restricted for construction traffic due to other construction works taking place in the Perry Barr area. An integrated transport management plan including construction demand across the area is being developed.

- 6.2 Further, it is proposed that options are explored with partners to identify a suitable funding solution that increases the level of contingency for the project to around £40m, commensurate with the size and complexity of the scheme.

6.3 The Council is continuing to explore additional funding opportunities from commercial developments in Perry Barr and any opportunities for any further grant funding to de-risk the scheme.

## 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 Village forms the first phase of significant proposals for Perry Barr.

7.1.2 This proposal is also consistent with the Council's Vision and Forward Plan 2018 – 2022 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. The social value targets agreed between the Council and LLC have a number of Green and Sustainability targets and performance management metrics to ensure they are being achieved.

### 7.1.3 Benefits

Birmingham residents will 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.

## 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. Section 111 of the Local Government Act 1972 contains the Council's subsidiary financial powers in relation to the discharge of its functions.

### 7.3 Financial Implications

7.3.1 The Revised FBC for the PBRs attached as Appendix 1 to this report sets out the updated details of anticipated costs and funding for delivery of the scheme, including gross capital investment of £541.5m and total net contributions from the Council to fund this investment of £35.7m.

7.3.2 The overall approach to mitigate funding pressures that have arisen since the approval of the FBC for the scheme on 6 June 2019 is set out in the following table:

	<b>Funding Gap £'m</b>	<b>Direct Games Impact</b>	<b>Comments</b>
Net cost Increase (Current Gap)	<b>66.8</b>		
De-scope Plot 11	(7.0)	Shortfall of 184 bed spaces	Gross costs avoided of £14m, offset by £7m of disposal proceeds
Fund NX overspend from capital contingency	(15.7)	None	Includes construction of replacement JobCentre Plus and NX bus depot
Non-BCC funded items (carpets, bedroom locks etc)	(7.0)	None	Only required for Games-Time
Contingency	(15.0)	None	Reduces Contingency to £15m
Consequential reduction in borrowing costs	(2.1)	None	
<b>Residual Gap</b>	<b>20.0</b>		Funded from windfall capital receipts

7.3.3 It is considered that a contingency of £15m for a programme of this scale and complexity maybe insufficient and a more appropriate level would be in the region of £40m. We are in discussion with partners to identify the appropriate size, shape and funding arrangements for this level of contingency.

#### 7.4 Procurement Implications (if required)

7.4.1 The recommendations made in this report are in line with the intent set out in the procurement approach detailed in the FBC (June 2019).

#### 7.5 Human Resources Implications (if required)

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

- Programme Sponsor
- Accounts and Financial support services
- Programme/Project Management skills
- Site assembly and property acquisition consultancy services
- Demolition and remediation consultancy services
- Project Management Office skills

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 14th 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. 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

## 9 Background Documents

Joint Cabinet Member Chief Officer Report approved 6 June 2019 - Perry Barr Regeneration Scheme Full Business Case.

Report to the Interim Chief Executive approved 30 December 2019 –  
Commonwealth Games – National Express Bus Depot Relocation

Report to Cabinet approved 11 February 2020 – Commonwealth Games –  
Athletes Village Update (Contracting of Plot 7)