

Appendix 1 - Commonwealth Games Village Delivery – Options Appraisal

Key Issue

Delivery Model

	Direct Delivery by BCC	Developer Led	Joint Venture
Funding	The cost of building the village (after external grant funding) would be met by the Council from prudential borrowing	The cost of building the village would be met by the developer	Funding the village would be shared between the Council and its JV partner
Risks, including construction costs, sales proceeds and rental income	The Council will take the development risk. The Council possesses a high level of expertise in residential development.	The developer will accept the development risk but increased costs to reflect this risk will be included in any offer to the Council	Development risk is theoretically shared, but the JV partner will seek to pass the cost of risk back to the Council.
Certainty of Delivery	The Council is in control of design, construction and overall delivery	The developer will set the pace for the delivery of the project, both design and construction, reporting to the Council	This is mutually agreed between the partners.
Cost	The Council will not pay a developers profit	Developers will expect 20% developers profit as a minimum on top of the construction cost.	The JV partner will still expect a substantial developers profit and try to pass risk back to the Council.
Control	The Council will control the project and the pace of delivery.	The Council is not in control of the project and the pace of delivery	The Council has some influence over the project and the pace of delivery.
Build and design Quality	The Council will be able to directly ensure design and build quality directly	The Council will be only be able to enforce the design and build standards through the planning process.	The Council will have some limited ability to enforce design and build standards.
The legacy	The Council will ensure that the development transforms Perry Barr	A developer will have limited interest in the	The Council would have some ability to

	into an attractive area to live.	area post construction.	influence the legacy
Meeting the deadlines	The Council can directly start the design and procurement process now and ensure start on site in January 2019	The Council will have to undertake a procurement process to select developer for the village. This process is likely to take 9 months. The detailed planning process can then commence. It is envisaged that start on site would commence in the autumn of 2019	A procurement process to appoint a joint venture partner will take approximately 9 months. The detailed planning process will then commence. It is envisaged that a start on site will commence in the Autumn of 2019.
Respective Benefits	This approach will mean that the Council can start the construction of the earlier than other options available. In addition the Council will be able to enforce greater design and construction standards	This approach will be more expensive with commercial risk passed to Council and the requirement for developers profit	This approach will also be more expensive than direct delivery and take longer to procure.

Conclusion

The outcome of the appraisal is that the option of direct delivery of the CGV is the most cost effective solution, provides more certainty of delivery and ensures greater quality in design and build of the Commonwealth Games Village.