

Birmingham City Council

Report to the Leader and the Cabinet Member for Finance and Resources jointly with the Director, Inclusive Growth and Chief Finance Officer

[06 June 2019]



Subject: Commonwealth Games – Athletes Village

Report of: Assistant Director, Planning

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

Relevant O &S Chair(s): Cllr Mariam Khan, Learning, Culture and Physical Activity, Cllr Tahir Ali, Economy and Skill; Cllr Penny Holbrook, Housing and Neighbourhoods, Cllr Sir Albert Bore, Resources.

Report author: Ian Macleod, Assistant Director Planning,
Telephone No: 0121 303 3959
Email Address: ian.macleod@birmingham.gov.uk

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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference:		
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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Exempt Para 3: Information relating to the financial or business affairs of any particular person (including the council)		

1 Executive Summary

- 1.1 The area of Perry Barr is identified as a location that would gain significantly from regeneration. This report provides details of the schemes being delivered to enable this regeneration which includes the development required for the

Commonwealth Games village and improvements to the local infrastructure and transport facilities. The regeneration programme comprises: -

Phase 1 Residential Scheme:

- 1.2.1 The construction of 1,177 residential units to provide Games time accommodation and provision of the infrastructure to deliver a further 239 dwellings post Games on 'plot 10'. This will provide a total of 1,416 dwellings when the scheme is complete;
- 1.2.2 The conversion from Games-time specification to habitable dwellings ('retrofitting'), of the 1,177 residential units post Games.

Games time Village:

- 1.2.3 Acquisition, demolition and remediation of a number of privately owned sites adjacent to the Phase 1 residential scheme to provide a site for temporary Games time uses;
- 1.2.4 Provision of infrastructure to facilitate Games time uses (overlay) and enable future development;
- 1.2.5 Refurbishment of the buildings known as Oscott Gardens for further Games time accommodation.

Wider Regeneration – Perry Barr Centre

- 1.2.6 The acquisition of land to deliver a series of highways improvements and public transport enhancements including the redevelopment of Perry Barr Rail Station and bus interchange, facilitating wider development.
- 1.2 These projects form a comprehensive programme at a total capital cost of £492.611m, details of which are found in the attached Full Business Case (FBC).
- 1.3 Cabinet approved the Outline Business Case in June 2018 setting out the proposal for the Commonwealth Games Village and the wider Perry Barr regeneration programme.
- 1.4 Decision 2.7 of the June 2018 Cabinet report provides approval for the Full Business Case to be delegated to the Leader and the Cabinet Member for Finance and Resources, jointly with the then Corporate Director, Economy and the Chief Finance Officer.

2 Recommendations

- 2.1 Approve the Full Business Case (FBC) attached at Appendix A to: -
 - a) Develop the 1,177 residential units (Phase 1) and provide services to plot 10 in readiness for vertical construction post Games.
 - b) Provide infrastructure that will be used to support temporary games time uses (overlay) and facilitate post Games development.
 - c) Refurbish Oscott Gardens.

- 2.2 With regard the works being undertaken outside of the FBC, to note: -
- a) That Perry Barr Railway Station, Bus Interchange and Sprint Rapid Bus transit schemes are being delivered by the West Midlands Combined Authority and will be subject to separate governance, approval and monitoring processes.
 - b) The highways works undertaken around Perry Barr will be subject to separate Business Case(s) presented in due course.
 - c) The retrofitting of the 1,177 residential units post games, in preparation for disposal, if the decision is made to progress with this option.
- 2.3 With regards to associated procurement activity: -
- a) Approve the demolition and remediation strategy and commencement of procurement activities for the demolition and remediation of properties as outlined in Appendix C and Appendix D (Exempt Information).
 - b) Notes that any changes in strategy for the tender packages outlined in Appendix C and Appendix D (Exempt Information) that may occur during the programme will be reported in accordance with the Council's Standing Orders and Procurement Governance Arrangements.
 - c) Delegates the award of contracts for the demolition and remediation to the Director, Inclusive Growth in conjunction with Assistant Director, Development and Commercial, the Chief Finance Officer, the City Solicitor (or their delegates).
- 2.4 Accept grant funding of £1.5m provided by the Learning & Skills Council as a contribution towards the on-site training facility being provided.
- 2.5 Approve payment of up to £5m of Community Infrastructure Levy (CIL) as a contribution towards delivery of the Perry Barr railway station development in the form of a capital grant to Transport for West Midlands.
- 2.6 Note the ringfencing of £10m of the overall approved Council-wide capital contingency of £25m to be made available for this project in the unlikely event that the project specific contingency as set out in paragraph 7.3.4 of this report is insufficient.
- 2.7 Authorise the City Solicitor to execute and complete all necessary legal documents to give effect to the above recommendations.

3 Background

- 3.1 Birmingham was confirmed as Host City for the Commonwealth Games in December 2017 and as such is required to provide a Commonwealth Games Village to accommodate around 6,500 athletes and team officials and a range of temporary facilities for use during the Games.
- 3.2 To meet this need, the Council has acquired substantial amounts of the land required including the former Birmingham City University (BCU) teaching

campus to deliver the residential element of the Athletes' Village, in line with the planning approval (application number 2018/06313/PA). Approval was granted in December 2018, for 1,416 new homes. Of these, 1,177 homes will be built prior to the Games, as Phase 1. This will provide 6,100 bed spaces for Games time use. The utility services infrastructure for plot 10 will also be introduced, allowing this building to be constructed post Games.

- 3.3 Alongside Phase 1, the Council will provide the infrastructure to facilitate the temporary facilities for Games time. Additionally, upon acquisition, the Council will refurbish the Oscott Gardens accommodation to provide up to 400 bed spaces for Games time use, bringing the total provision to 6,500.
- 3.4 Consideration is being given to the potential short term use of Oscott Gardens prior to the Games, including provision of temporary accommodation for homeless households. A further report will be presented to the appropriate decision maker in due course.
- 3.5 The Village, which comprises the residential accommodation and sites for the temporary uses (including dining hall, transport mall, leisure and recreational space), is expected to be handed over to the Organising Committee in early 2022 to allow sufficient preparation time for the Games.
- 3.6 The permanent residential development will be constructed to meet Games-time requirements, with additional dividing walls in apartments creating additional bedrooms – the majority of which will be utilised as twin rooms – and no kitchens being fitted.
- 3.7 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 and is expected to cost in the region of £24m. 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. A separate business case will be submitted in due course if this option is progressed.
- 3.8 The associated highway infrastructure improvements at Perry Barr proposed as a part of the Village development to support the Commonwealth Games (CWG) and legacy growth will be the subject of separate reports seeking approval to the detailed proposals in due course. The projects will improve transport connectivity between the Birchfield Retail Core, One Stop Shopping Centre and the CWG Athletes' Village and legacy residential sites. They will also support the successful delivery of the Games whilst acting as a catalyst for further development in Perry Barr once the Village has been retrofitted to create new homes.
- 3.9 These highway improvements include capping of Birchfield Roundabout, gyratory works on the A34 and Aldridge Road, adjacent to the One Stop shopping centre, and the introduction of dedicated bus and cycle routes are

expected to cost in the region of £27.1m. Separate Business Case(s) are being developed for these works and will be presented for approval in due course.

- 3.10 A number of elements of the wider regeneration of Perry Barr that were included in the OBC approved by Cabinet on 28 June 2018 are being delivered and funded by the West Midlands Combined Authority. They are therefore out of the scope of this FBC and excluded from this report. These include the bus interchange adjacent to One Stop shopping centre, Perry Barr railway station improvements and Sprint Bus Rapid Transit service. The schemes will collectively provide for better access to rail and bus services, better modal interchange, and a more attractive environment for passengers. The combined cost of the works is estimated to be in the region of £46.2m.
- 3.11 This FBC, sets out the package of funding and costs associated with the delivery of the Athletes' Village and preparation of the site for future development post Games. It also sets out the wider funding package for the projects associated with the regeneration of Perry Barr Centre. The overall capital cost of works included in the scope of this FBC is £492.611m including estimated costs as set out in paragraphs 3.7 and 3.9.
- 3.12 The introduction of these schemes will act as a catalyst for the regeneration of Perry Barr Centre, unlocking wider growth and delivery of circa 4,000 more homes in the area, in line with the Birmingham Development Plan.

Site Assembly

- 3.13 At the commencement of the project to deliver the Village, the City Council had very limited ownership of the land required within Perry Barr to facilitate the proposals, making acquisition of third party interests necessary.
- 3.14 In June 2018 Cabinet approved the acquisition of land necessary to facilitate the delivery of the Commonwealth Games Village and subsequent regeneration of the area, including the use of Compulsory Purchase Order (CPO) powers. Significant progress has been made in securing voluntary acquisitions.
- 3.15 More than half of the land required to deliver the overall scheme is now in the ownership of BCC. Negotiations are underway with all outstanding interests via the Council's agents on this matter and significant progress is being made with the acquisition of more than 10 further interests currently agreed and being progressed. Positive engagement is ongoing with holders of other interests.
- 3.16 A CPO was made in December 2018. Nineteen objections were received, and the Council is seeking to address these through negotiations with the relevant holders' interests. Positive progress is being made and all avenues to remove these objections are being explored, including voluntary acquisitions. A number of objections have been resolved and it is considered likely that a number of objections will remain and therefore a public inquiry is likely to be necessary - this is scheduled to commence on 2nd July 2019.

- 3.17 The buildings that sit on the land acquired as part of this site assembly are in poor condition and a scheme of demolition and remediation works is required to clear the sites in preparation for the wider regeneration. It is expected that the majority of this work is carried out before 2022 with contracts being awarded in accordance with the procurement strategy detailed in Appendix C and Appendix D (Exempt Information) attached.

Phase 1

- 3.18 The Phase 1 residential scheme is being delivered across 11 plots. During 2018 the design of this scheme progressed through the RIBA Plan of Work Stages where the design was refined and developed accordingly. By RIBA Work Stage 3 the scope had been enhanced to include podium decks to all plots, providing additional car parking space and enhancing the look and function of the final scheme. The result of this was an additional c. £19m of construction costs being added to the scheme. A summary of the adjustments is provided below:

Summary of Cost Movement	Further Detail	+ / -
Tier 1 Construction Cost	Design development, realisation of risk and aligning of construction costs to actual inflation lead to a cost increase of £41m during 2018. This includes the introduction of 5 additional podiums, an increase in the number of units, enhanced detailing to the façade, additional balconies and further detailing to the external works.	£41m
Tier 1 Value Engineering	Value engineering achieved during 2018 in a mitigation measure to offset design development and risks incurred.	(£9m)
Tier 1 Preliminaries	Reduction in Tier 1 Preliminaries from 15% down to 12% to reflect the Lendlease shared preliminaries strategy.	(£3m)
Tier 1 Overhead and Profit	Increase in Tier 1 overhead and profit as the 6% is applied over a larger net construction cost.	£2m
Tier 1 Design Fees	Reduction in design fees to reflect RIBA Work Stage 3 programme position.	(£.5m)
Tier 1 Risk	Reduction in Tier 1 risk provision to reflect maturity of construction cost plan (reduced from 5% down to 2.5%).	(£6.5m)
Tier 1 Inflation	Reduction in Tier 1 inflation provision to reflect maturity of construction cost plan (reduced from 7% down to 5%).	(£5m)
		£19m

- 3.19 In addition to the £19m, the overall cost of the scheme was further increased to reflect the procurement approach as a consequence of the buoyant construction market in Birmingham and the wider region and the perceived risk profile of the scheme. It should be noted that the initial procurement exercise undertaken in

the summer of 2018 was not successful in awarding the contract to deliver the whole scheme on a fixed price, lump sum design and build basis. Market consultation indicated the scheme was deemed too large and too risky from a programme and reputational perspective for a single contractor to deliver on the basis tendered.

- 3.20 The 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. Details of the procurement process were approved under Chief Officer delegated authority by the Director, Inclusive Growth, in conjunction with the Assistant Director, Development and Commercial (or their delegate) Chief Finance Officer (or their delegate) and the City Solicitor (or their delegate).
- 3.21 After preliminary analysis of the buildability of the scheme, Lendlease Construction (Europe) Limited confirmed that delivery of plot 10 (a 239 unit block that sits on the west side of the scheme), would not be possible within the timescales for the Games. Work on that part of the site also provided the risk of hindering the highway works being undertaken as part of the wider area regeneration. As a consequence, building plot 10 has been delayed until after the Games and will be built as part of Phase 2, although the utility services for this plot will be provided as part of Phase 1. This approach came with a cost premium of c. £56m, consisting of management time, central welfare, security, logistics and waste management facilities and an additional fee to manage this. The costs associated with this approach and their description are provided below: -

Summary of Cost Increases	Further Detail	Value
Lendlease Construction (Europe) Limited Management	Professional team of circa 45 staff to coordinate and manage the design, procurement, construction and commissioning of the Athletes' Village which will be carried out by step down Tier 1 Contractors.	£12m
Lendlease Construction (Europe) Limited Shared Preliminaries	Centralised shared preliminaries with single point of responsibility for logistics, security, access control, temporary site services, site welfare accommodation, temporary office spaces, IT and Equipment and consumables.	£25m
Lendlease Construction (Europe) Limited Overhead and Profit	5% level of overhead and profit to be applied to the total construction cost. This has been tendered through the Scape Procure Principal Works Framework.	£17.2m
Scape Procurement Fee	0.5% framework fee to be applied to the total construction cost.	£1.8m
		£56m

- 3.22 Demolition and remediation work of the BCU site commenced in summer 2018 and is due to be completed in June 2019 as planned. The work was undertaken by DSM Demolition Ltd who was awarded a contract under a joint agreement with Homes England. The contract was administered by White Young Green (WYG plc) who is managing the works on behalf of the Council and Homes England. These works will ensure the land is suitable for the development of the scheme.
- 3.23 The Council has entered into a Preliminary Services Contract (PSC) with Lendlease Construction (Europe) Limited allowing them to commence early works up to the value of £9.8m. This has allowed them to progress with preparing the site for construction, confirming the design of the site welfare facility and their tendering process for the contractors to commence construction of the building and site wider infrastructure in summer 2019.
- 3.24 Work on the main contract between Lendlease Construction (Europe) Limited and the Council's (the Construction Delivery Agreement - CDA) is progressing and is expected to be completed and signed in early June. The CDA will allow Lendlease Construction (Europe) Limited to agree contracts with the Tier 1 contractors for Plot 1 and the site wide infrastructure.
- 3.25 The plots within the residential scheme are being tendered by Lendlease Construction (Europe) Limited as separate lots with the expectation that a number of contractors are selected to work on the scheme concurrently. The tendering process will award the Tier 1 contracts for all lots, is due to be complete by early 2020 and the building work is due to be completed by early 2022. The lots will be tendered as follows:-

Lot	Plots	Commence Process	Anticipated Completion
A	1	May 19	Oct 21
B	10 (site infrastructure only)	Jan 21	Feb 22
C	6, 7	June 19	Feb 22
D	8, 9	July 19	Dec 21
E	3, 4, 5	Oct 19	June 21
F	2, 11	Nov 19	Aug 21
	Site wide infrastructure	July 19	Jan 20

Phase 2

- 3.26 The land, including both Oscott Gardens and Coppice Buildings, situated adjacent to the residential scheme, being used to provide supporting facilities during Games time, will be developed post Games as additional housing as part of Phase 2 of the Perry Barr regeneration.

- 3.27 An outline planning application offering the potential to build up to an additional 500 homes has been submitted and is currently out to consultation. Development of Phase 2 will be subject to further business cases which will be submitted in due course.

4 Options Considered and Recommended Proposal

- 4.1 Hosting the Games has given Birmingham the opportunity to attract and secure additional funding for the area to maximise the regeneration potential of the works. The Council has the options: -

4.1.1 To continue with the regeneration of Perry Barr as agreed by Cabinet at Outline Business Case stage and progressed by this report, thereby delivering the housing growth, highways and public transport improvement. This includes the requirements for the Athletes' Village. This will 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 and improve the commercial viability of the residential scheme being built. The Council will be able to take advantage of the £165m Infrastructure Fund grant awarded from Central Government as well as the other funding secured. £148.3 million will be provided directly to the 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. The Council will have to ensure the funding spend criteria to mitigate the risk of providers reclaiming funds.

4.1.2 To limit the development work undertaken in Perry Barr to the Athletes' Village scheme. This may not meet the requirements of the grants secured so the Council would have to accommodate some of the cost of the works from internally generated resources, putting additional pressure on the budget. The lack of wider regeneration may stifle the potential value uplift of the homes and the Council may not realise their full sale value. This option limits the legacy opportunity for Perry Barr, the opportunity to maximise investment in the area and the delivery of sustainable growth.

- 4.2 It is recommended the FBC is approved, providing the opportunity to accelerate the regeneration of Perry Barr and introducing infrastructure that would unlock further development in the wider area.

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 and its potential to regenerate the wider area.

- 5.2 Officers from Planning, Highways, Transport and Connectivity, Housing, Procurement, Birmingham Property Services, Legal Services and Finance have been involved in the preparation of this report.
- 5.3 Opportunities for the regeneration at Perry Barr are set out in the Birmingham Development Plan and Aston, Newtown and Lozells Area Action Plan, both of which were subject to extensive consultation.
- 5.4 A Residents' Consultation Group has been established to ensure local people are kept informed of progress of schemes in the area, including that required as part of the CPO process. Response to the residential scheme has been positive and local people welcome the improvements it will bring to the area.
- 5.5 The freeholders and leaseholders of properties which could be directly affected by acquisitions have been contacted. Engagement with these parties is continuing as the Council seeks to secure acquisitions by voluntary negotiation.
- 5.6 Significant local stakeholders have been consulted on proposals for the regeneration of Perry Barr including the residential village, infrastructure enhancements, and the approach to land acquisitions required to facilitate this. This includes Network Rail; Transport for West Midlands (TfWM); the owners of One Stop Shopping Centre; the Education and Skills Funding Agency; Homes England and Birmingham City University; the West Midlands Combined Authority (WMCA) and; the Commonwealth Games Federation Partnership (CGFP).
- 5.7 The Commonwealth Games Organising Committee is being consulted and is kept informed on an on-going basis as part of the updates provided at Capital Projects Board and is supportive of the residential scheme being developed.
- 5.8 The MP for Perry Barr has been consulted on the residential scheme and has been made aware of the development being delivered and the positive impact it will have on the area.

6 Risk Management

- 6.1 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 only four years to undertake the work.
- 6.2 In order to manage this timescale the Council has worked hard to reduce the risk of failing to deliver through:- the use of existing procurements frameworks; selection of suppliers and partners with extensive experience of major projects being delivered to time cost quality; significant upfront design work and standardising where possible; robust governance and monitoring; and the support of external skills and expertise.
- 6.3 The Council has appointed Lendlease Construction (Europe) Limited to lead on the delivery of the residential complex. It has a successful track record of working on large complex schemes, including the delivery of the Athletes' Village

for the Gold Coast Commonwealth Games 2018 and the Elephant and Castle development in London.

- 6.4 The Tier 1 contractors procured by Lendlease Construction (Europe) Limited have provided budget plans in line with the overall cost plan. However there is a risk the Lendlease Construction (Europe) Limited budget plan for delivering the preliminary works may exceed the overall cost plan. In order to militate against this, the Council is negotiating an absolute cap (value to be confirmed) on the cost for these works. If this cap is exceeded, Lendlease Construction (Europe) Limited will pay the additional cost. A further pain/gain share agreement is also being negotiated where if the costs exceed the cost plan value, Lendlease Construction (Europe) Limited will make a percentage contribution (value to be confirmed) towards the overspend, up to the value of the cap. This limits the impact on the Council's funds and incentivises Lendlease Construction (Europe) Limited to keep overspend to a minimum. An annual review will be undertaken and reported to the Chief Finance Officer providing an update on spend and a risk assessment of the current financial position.
- 6.5 In the unlikely event that 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.
- 6.6 A robust governance structure has been established to monitor progress and manage dependencies, risks and issues, as they arise.
- 6.7 Significant level of 'upfront' design work has been undertaken with early engagement with contractors to ensure building the design is achievable within the timescales.
- 6.8 Modern construction methods are being considered to build parts of the scheme, with less reliance on skilled labour, materials and offering reduced completion times.
- 6.9 Confirmation of goods and labour required for the main construction is being undertaken to ensure its availability at the appropriate times.
- 6.10 Work is co-ordinated and dependencies are managed between Highways, the Village, works on the railway station, Sprint and the Stadium developments, to minimise impact on the surrounding highway infrastructure and local communities.
- 6.11 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 without affecting visitor accommodation.

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 key priorities: -
- 7.1.3 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;
- 7.1.4 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;
- 7.1.5 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;
- 7.1.6 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;
- 7.1.7 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.

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.
- 7.2.2 The use of CIL monies must be in accordance with the Community Infrastructure Regulations 2010. The Perry Barr Public Transport Hub

is included in the current Regulation 123 list which sets out the infrastructure projects that are to be funded through the use of CIL.

7.2.3 The power to voluntarily acquire, dispose, manage assets in land and property is contained in Sections 120 and 123 of the Local Government Act 1972. Under Section 111 of the Local Government Act 1972 the City Council may incur expenditure in relation to anything which is incidental to the discharge of its functions.

7.2.4 The Highways Act 1980 sets out the relevant powers for changes to existing highways and the adoption of new roads, the Road Traffic Regulation Act 1984 contains the powers to make appropriate Traffic Regulation Orders and Section 247 of the Town and Country Planning Act 1990 to stop up highway.

7.3 Financial Implications

7.3.1 The FBC sets out the package of funding required to meet the delivery of Phase 1, the Games time Village and wider regeneration requirements post Games. This includes a grant of £148.3m Infrastructure Fund provided from Central Government under a Section 31 Grant Agreement the first instalment of which £23.2m was received in March 2019. This forms part of a larger award of £165.7m with the balance of £17.3m being awarded to the West Midlands Combined Authority as a contribution to the costs of improving the local transport infrastructure.

7.3.2 The programme was also successful in securing funding for an on-site training facility from the Learning & Skills Council that will be used to provide skills and education for staff during the day, and offered as a community facility in the evening and weekends.

7.3.3 The overall funding package for the residential Village and wider works, including the capital receipts generated from the future sale of the residential accommodation post Games is summarised below: -

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

Capital receipts from sale of land	51.757
Net revenue Contributions	7.897
Total Funding	492,611

7.3.4 The key elements of investment to be delivered through the above funding are set out in the following table

Description	Accommodation £'m	Overlay £'m	Wider Area £'m	Total £'m
Site Assembly	17.684	49.430	17.814	84.928
Construction	317.168			317.168
Highways Works	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.

7.4 Procurement Implications

- 7.4.1 There are a number of procurement activities being undertaken by Lendlease Construction (Europe) Limited and other suppliers to provide the capability and materials to deliver the residential scheme and wider regeneration. With the exception of a few specialist provision requirements, Lendlease will use the *Find it in Birmingham* procurement portal to advertise opportunities. The selection process will adopt an open book approach and ensure best value. It should be noted that social value will be incorporated in the evaluation criteria despite not being mandatory for private sector procurement. Lendlease Construction (Europe) Limited has committed to social value actions that will be monitored to ensure local businesses and citizens are able to benefit from development.
- 7.4.2 Additional procurement activities required to support the scheme are being undertaken to ensure the Council has the correct level of skill, resources and materials to ensure delivery of the programme. These services are provided in more detail within Section D2 of the FBC.
- 7.4.3 The demolition and remediation works required to serve the overlay and prepare the area for the wider regeneration development as part of Phase 2 is specified in 3.17. The procurement strategy is attached as Appendix C and Appendix D (Exempt Information).
- 7.4.4 A number of social value targets have been established that align with both the Council's Birmingham Business Charter for Social Responsibility policy and the Scape framework requirements. The focus is to increase employment, provide skills and training commitments, work with community organisations and encourage sustainability.

7.5 Human Resources Implications

- 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 has been engaged. These requirements are detailed in within Section D2 of the FBC.

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, as attached at Appendix B 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 A - Full Business Case
- 8.2 B - Equality Analysis
- 8.3 C – Procurement Strategy - Demolition and Remediation
- 8.4 D - Procurement Strategy Exempt Information – Demolition and Remediation

9 Background Documents

- 9.1 Birmingham Development Plan
- 9.2 New Aston and Lozells Area Action Plan
- 9.3 Report to Cabinet 15th Aug 2017 – Commonwealth Games 2022
- 9.4 Report to Cabinet 8th December 2017 – Commonwealth Games 2022
- 9.5 Report to Cabinet 26th June 2018 – Commonwealth Games Village and the Wider Perry Barr Regeneration Programme