

**Birmingham City Council**

# **Birmingham Curzon - Enhanced Public Realm**

Outline Business Case


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# 1 Introduction

## 1.1 Overview

AMION Consulting was appointed by Birmingham City Council (BCC) to prepare a Outline Business Case (OBC) for the Curzon Enhanced Public Realm Project, which involves enhancements to the public realm that will be provided by HS2 Limited as part of the HS2 Curzon Station development in Birmingham City Centre. The proposed project will comprise two specific enhancements – the development of Paternoster Place, which will improve access to Digbeth, and additional works to Curzon Promenade and Curzon Square, which will include the creation of public realm in areas outside of the HS2 boundary. The project is seeking approval from the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) for additional Enterprise Zone funding of £26,172,419 million (excluding the £1.445 million already approved). This approval would be for a maximum sum, with the final figures confirmed as part of an FBC update once the tendering process is complete.

The HS2 station at Curzon is expected to be operational in 2026. In order to maximise the economic potential of HS2, BCC published the Curzon Masterplan in 2014. This sets out how the growth and regeneration opportunities around the terminus station could be unlocked. Through infrastructure investment, including in the public realm, the strategy set out in the Masterplan is to deliver a fully integrated and connected world class station, which will support the development of the City Centre and the wider area, in particular, through five 'Big Moves':

- (i) Station design to create a landmark building and arrival experience;
- (ii) Paternoster Place;
- (iii) Curzon Promenade and Curzon Square;
- (iv) Station Square and Moor Street Queensway; and
- (v) Curzon Station Metro Tram Stop.

This project relates to Big Moves (ii) and (iii).

The Birmingham City Centre Enterprise Zone was first established in 2011 by the GBSLEP. As part of the West Midlands Devolution Deal (2015) the Enterprise Zone was extended to cover the Curzon area in order to enable the delivery of local infrastructure and to drive growth associated with the arrival of HS2. As a consequence, the number of sites within the Enterprise Zone was increased from its original 26 to 39 covering 113 hectares (ha).

In July 2016, the GBSLEP Board approved the Curzon Investment Plan, which included the allocation of additional EZ funding of £556.8m towards a £724m local infrastructure investment package to maximise the impact of HS2 arriving in the region in 2026. The package is being delivered in two phases:

- Phase One - upfront investment in the infrastructure required to unlock growth immediately around the station including the Big Move projects and the Metro Extension to Digbeth; and

- Phase Two - further investment over a wider area including area wide public realm and local transport/highway improvements, and social Infrastructure to support new residential neighbourhoods.

In June 2018 a single draft Enterprise Zone Investment Plan (EZIP) was prepared for all Enterprise Zone sites. This identified a budget of £40 million for the HS2 Curzon Station Public Realm. The draft Enterprise Zone Investment Plan is funded through the projected growth in business rates generated within the Enterprise Zone sites managed through a financial model. The investment is borrowed by the Accountable Body (BCC) and repaid through the growth in business rates generated on designated Enterprise Zone sites.

GBSLEP has already approved £1.05 million in funding for HS2's advisors WSP to assess alternative enhanced public realm options for the Curzon enhance public realm and to develop a preferred costed scheme. The costs prepared by WSP have been appraised by Acivico on behalf of BCC as part of due diligence to prepare this OBC. The costs include a series of additional fees, including those associated with HS2. It is proposed that all of these and the contractors proposed price for the works are reviewed again following the tendering process.

## 1.2 Approach

This OBC has been prepared to demonstrate that the proposed EZ funding in the Curzon Public Realm Enhancement project provides value for money, is affordable and deliverable.

It has been produced in line with HM Treasury's best practice 'Five Case Model', The Green Book: appraisal and evaluation in central government (2018)<sup>1</sup> and the now Ministry of Housing, Communities and Local Government (MHCLG) Appraisal Guide<sup>2</sup>. It establishes that the proposed public sector investment:

- is supported by a robust case – the Strategic Case;
- offers Value for Money (VfM) – the Economic Case;
- is feasible – the Commercial Case;
- is financially affordable – the Financial Case; and
- can be delivered successfully – the Management Case.

A long-list of options have been considered for the Curzon Enhanced Public Realm Project. Four options have been short-listed and were subject to economic appraisal. The economic case is based on the HM Treasury Green Book (2018) and the now Ministry of Communities, Housing and Local Government (MHCLG) Appraisal Guide methodology, which uses land value uplift and externalities to measure economic benefits, although consideration is also given to the local strategic case based on the level of jobs, Gross Value Added (GVA)<sup>3</sup> and homes created.

<sup>1</sup> <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/576427/161129\\_Appraisal\\_Guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/576427/161129_Appraisal_Guidance.pdf)

<sup>3</sup> GVA is a measure of the economic value of goods and services produced in an area. It is defined by the Office for National Statistics (ONS) as "... the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production".

## 1.1 Structure

The OBC continues in six sections, as follows:

- **Section 2** – provides a description of the proposed enhanced public realm, detailing its aims and objectives;
- **Section 3** – sets out the Strategic Case by identifying the need for change and rationale for public sector support;
- **Section 4** – establishes the Economic Case by assessing the long-listed and short-listed options, presenting an analysis of the economic costs, impacts, benefits, value for money, and risks and sensitivities;
- **Section 5** – provides the Commercial Case by assessing the delivery arrangements, need for public sector support, risk allocation and State aid position;
- **Section 6** – sets out the Financial Case in terms of costs, funding and affordability; and
- **Section 7** – establishes the Management Case with regard to governance, management arrangements, the programme plan, communication and stakeholders, risk management, benefits realisation, and monitoring and evaluation.

## 2 Curzon Enhanced Public Realm Project

### 2.1 Introduction

This Section sets out details of the proposed Enhanced Public Realm project. It explains how the proposals have been developed jointly by BCC and HS2 Ltd, as well as setting out the aims and objectives of the project.

### 2.2 Project description

#### 2.2.1 *Identified need and opportunity*

The Birmingham Curzon HS2 Masterplan covers 141ha of the City Centre extending across the Eastside and Digbeth quarters and the eastern fringe of the City Centre Core. It provides the framework and principles to guide development, regeneration and connectivity to ensure that the City can capitalise upon the arrival of the HS2 railway.

The Masterplan presents the proposed HS2 railway as a once in a century opportunity to radically enhance the City's national rail connectivity and accelerate its economic growth potential. The new line and terminus will provide a catalyst to transform areas of the City Centre and unlock major regeneration sites. The Masterplan:

- promotes the City's expectation that Birmingham Curzon HS2 station will be a world-class 21st century landmark building that further strengthens a positive image for Birmingham and its economic role.
- seeks to ensure the station is fully integrated into the urban fabric of the City Centre and opens up accessibility between the City Centre Core, Eastside and Digbeth.
- sets out the key requirements for the station design and proposals to ensure that high quality and efficient walking, cycling and public transport connections continue into and throughout the City Centre.

The Masterplan envisages the delivery of 14,000 (net) jobs, 600,000 sq m of new business space, 2,000 new homes, and £1.3 billion economic uplift.

Key proposals within the Masterplan include:

- promoting the principle of securing a world-class arrival for Birmingham Curzon HS2 Station;
- identifying an extension to the Metro to create a new integrated public transport hub at New Canal Street, through Digbeth to a new park and ride facility at Adderley Street;
- key development opportunities including Martineau Square and Exchange Square, Beorma Quarter, Typhoo Wharf, Banbury Wharf, Eastside Locks, Birmingham Science Park Aston, Curzon Point and within the Fazeley area of Digbeth; and
- major new areas of public realm and open space including new squares at Moor Street Queensway and Paternoster Place; Curzon Promenade, Duddeston Viaduct Skypark, Eastside Locks and opportunities along the canal and River Rea corridors.

## 2.2.2 The enhanced public realm scheme

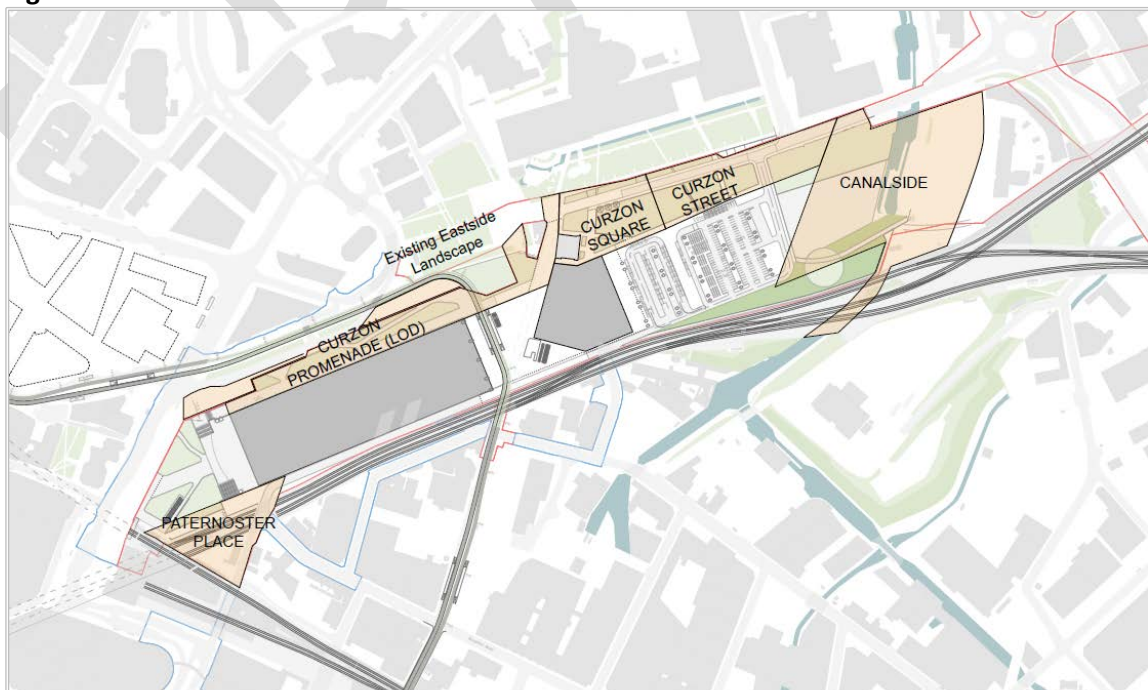
HS2 and BCC have been working collaboratively to maximise the benefit of the HS2 Curzon Station. HS2 has a specific budget and fixed powers under the HS2 Phase 1 Act (Base Scheme) and BCC has asked HS2 to provide design services from WSP, who have been appointed as the station design services contractor, to undertake concept design optioneering and subsequent scheme design to enhance the base public realm surrounding the station. BCC provided a detailed brief for this work.

As noted above, Enterprise Zone funding totaling £1.05 million has been made available to date for this design and feasibility work. The funding has been paid to HS2 to design and assess potential public realm enhancement schemes in five locations, based on the requirements set out within the 'Birmingham Curzon Public Realm' design brief, as follows:

- (i) Paternoster Place – area to the south east of the HS2 Station frontage and Station Square, including operational rail lines at a lower level and Park Street Bridge with links to Digbeth via Bordesley Street;
- (ii) Curzon Promenade – area to the northern side of the HS2 station which will include bus and Sprint stops, along with Midland Metro,
- (iii) Curzon Square – area around the former Curzon Street Station, which is a Grade 1 listed Building to the rear of the HS2 station
- (iv) Curzon Street – area adjacent to the existing Eastside City Park, Millennium Point and Birmingham City University (BCU) campus; and
- (v) Curzon Canalside – to the rear of the HS2 Station area close to Curzon Circus.

Figure 2.1 shows the location of each of these areas.

**Figure 2.1: Potential Public Realm Enhancement Areas**





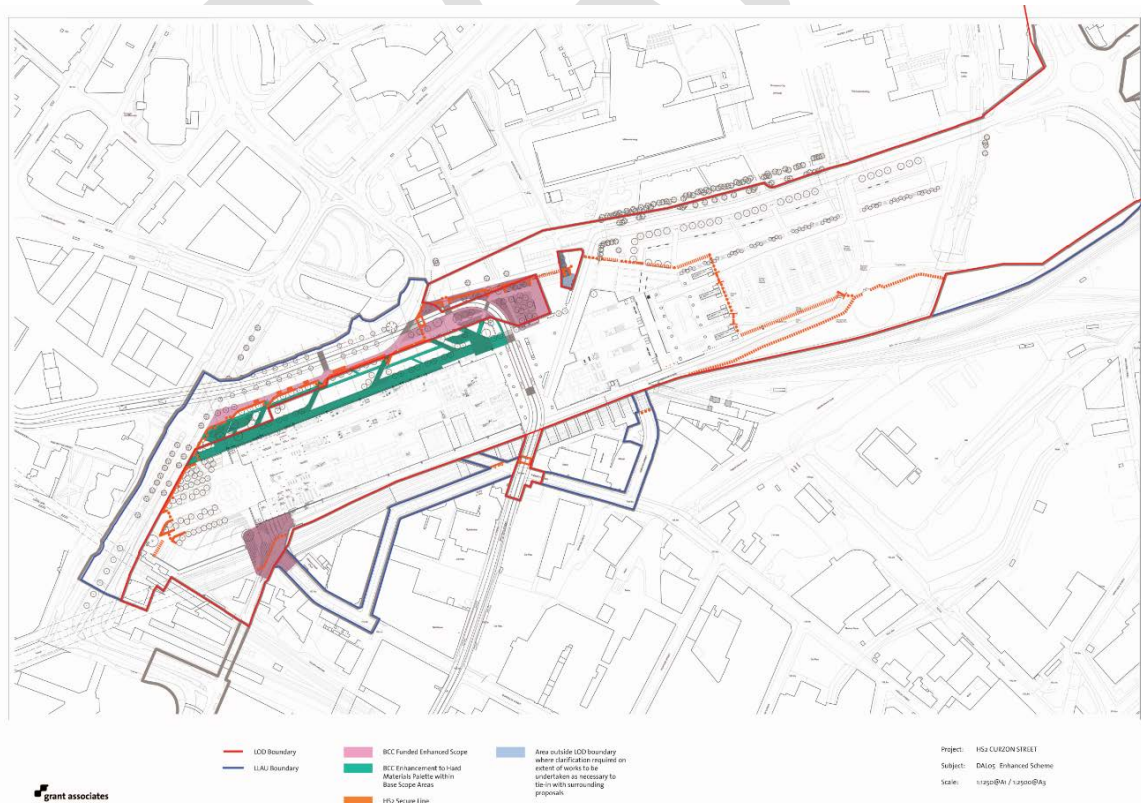
This approach has ensured that the station and associated public realm works are designed by a single team, thus taking the opportunity to create a station which is integrated with the surrounding area and maximises connectivity with the City core and Digbeth.

Following appraisal, the preferred enhanced public realm proposals now focuses on three of the five areas. These have been grouped as follows:

- **Paternoster Place** – as a gateway to Digbeth, Paternoster Place will provide a wide, attractive pedestrian route that will open up the regeneration potential of the Digbeth area, bringing activity and investment to Enterprise Zone sites and help realise the potential of the underutilised land and buildings. As well as enhancing the base scheme, the works will include over bridging the existing lower level rail lines; and
- **Curzon Promenade and Curzon Square** - celebrating the view of the former Curzon Street Station, Curzon Promenade will become an extension of Eastside City Park as a pedestrian plaza enlivened with new shops and cafes built into the façade of Birmingham Curzon station. The project will include works outside of the red lined HS2 base scheme, as well as enhancements to the HS2 proposed scheme. It is also intended that an extended Metro line and Sprint rapid transit vehicles will share a route along the northern side of the promenade allowing for a transformation of public transport links into Eastside, Digbeth and ultimately to regeneration opportunities in the east of the City.

Figure 2.2 shows the proposed areas for enhancement.

**Figure 2.2: Proposed Public Realm Enhancement Areas**



The proposed project will link with proposals for **Station Square and Moor Street**, which will be delivered by HS2 Ltd. Station Square will become a new destination space where people can relax, it will also be the pivotal point where the City Centre Core blends into Eastside and the Eastside City Park. The station and surrounding new developments should address the square with a range of retail and restaurant uses that will bring life and vitality to the space throughout the day until late at night. Moor Street will involve a fundamental change in the character of Moor Street Queensway through re-focusing it as a major public square will be essential in ensuring the successful integration of Birmingham Curzon into the City Centre Core and maximising the regeneration potential of the station around some of the areas of highest land-value.

The current situation is that the land identified for the enhanced public realm works is public sector owned land or infrastructure either within the HS2 Curzon station site or immediately adjacent to it, with the exception of the area above the operational rail lines. The drivers for change are the arrival of HS2, the planned development of the new Birmingham Curzon HS2 station and its associated base public realm provision.

## 2.3 Key aims, objectives and principles

The City Council's overall vision and aim set out in the Birmingham Curzon HS2 Masterplan (2015) is to maximise the regeneration and development potential of HS2 in the City Centre, in particular the Eastside, Digbeth, and eastern side of the City Centre core.

*The arrival of HS2 with Birmingham Curzon station provides the opportunity to unlock a range of development sites and accelerate regeneration initiatives. This Masterplan seeks to maximise those benefits by identifying 6 'Places for Growth' located across Eastside, Digbeth and the City Centre Core. The station's location brings opportunities for all major economic and growth sectors within the City Centre - the 'arrival' opportunity for the station itself; for retail, office, leisure, education and research, creative enterprises and new residential communities. The project will address the problem that the base public realm works that form an essential part of the overall Curzon scheme do not fully meet the aims of the City Council and its partners in maximising the opportunities arising.*

The Council's objectives in relation to 'places for growth – arrival' are that Birmingham Curzon will become a landmark station that will provide a catalyst for growth through the creation of well-designed, widely accessible, buildings which integrate fully and open connections to surrounding areas. Derived from this, the SMART objectives for the Curzon Enhanced Public Realm project are that:

- by 2026 some 1 ha of enhanced public realm will be created adjacent to the HS2 Curzon station, including improved and extended schemes for Paternoster Place and Curzon Promenade and Curzon square;
- by 2026 the access to Digbeth will be enhanced by the completion of the enhanced Paternoster Place component of the project; and

- in the period after 2026 the enhanced public realm will help to facilitate the development of new commercial, retail and residential developments and the growth of the GBSLEP economy. Overall, the proposed scheme is forecast to result in the creation of over 1,900 net additional jobs.

The key principles that are being sought for the development of the wider HS2 Station area are:

- (i) a statement HS2 Station building of world-class architectural quality;
- (ii) 360° station accessibility with good quality station entrances/exits facing the City Centre Core, Eastside and Digbeth;
- (iii) efficient and attractive integration with public transport connections;
- (iv) maximised pedestrian connectivity with high quality public realm and landscaping;
- (v) new pedestrian connections to Digbeth;
- (vi) a major public square fronting the station on Moor Street;
- (vii) second access to the station at New Canal Street; and
- (viii) high standards of sustainability and design.

The Curzon Enhanced Public Realm project will contribute to the achievement of principles (iv), (v) and (viii).

## 3 Strategic case

### 3.1 Introduction

This section assesses the Strategic Case for the scheme. It describes how the project fits with national, regional and local strategies and considers evidence in terms of the impacts of public realm. The local property market context is also reviewed. The involvement of key stakeholders in the project is assessed and the rationale for intervention considered. In addition, the key constraints and dependencies are analysed.

### 3.2 Strategic fit

#### 3.2.1 National strategic context

The strategic context at the UK level, in terms of economic development policy, remains focused on improving the country's long-term competitiveness and tackling its underlying weaknesses, in particular the large productivity gap that continues to exist between the UK and leading advanced economies and the disparity in economic performance between different parts of the UK. This policy focus is evident in the Government's original **Productivity Plan, Fixing the Foundations** (July 2015). The Plan sets out a framework for raising productivity, built around two pillars: encouraging long-term investment in economic capital, including infrastructure, skills and knowledge; and promoting a dynamic economy that encourages innovation and helps resources flow to their most productive use. The Curzon Enhanced Public Realm proposals, and in particular the key development principles around connectivity, facilitating a dynamic mix of uses and sustainable development, is strongly aligned with these aspirations.

In November 2017, the Government published its **Industrial Strategy**, which set out its approach to achieving the core aim of improving living standards and economic growth by increasing productivity and driving growth across the whole country. The Strategy is organised around five foundations and four grand challenges to the UK:

#### Foundations –

- Ideas: the world's most innovative economy;
- People: good jobs and greater earning power for all;
- Infrastructure: a major upgrade to the UK's infrastructure;
- Business Environment: the best place to start and grow a business; and
- Places: prosperous communities across the UK.

#### Grand challenges -

- put the UK at the forefront of the artificial intelligence and data revolution;
- maximise the advantages for UK industry from the global shift to clean growth;
- become a world leader in shaping the future of mobility; and
- harness the power of innovation to help meet the needs of an ageing society.

The Strategy recognises that every region in the UK has a role to play in boosting the national economy and announces an intention to further develop city, growth and devolution deals and continue to work in partnership with local leaders to drive productivity. As well as introducing Local Industrial Strategies, of particular relevance to the Curzon Enhanced Public Realm project are the commitments to create more connected infrastructure and ensuring land is available for housing and economic growth. The delivery of a new high-speed rail network (referred to as HS2) forms an important component of the infrastructure foundation.

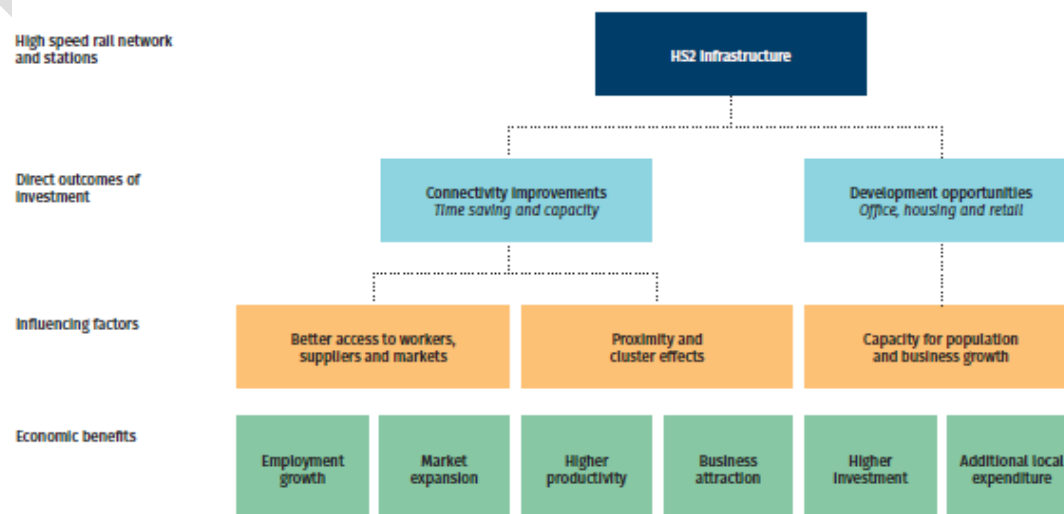
The Government is to build HS2, which will initially link London to Birmingham (Phase 1), then go on to Manchester and Leeds (Phase 2) forming what is known as the Y-Network. In February 2017, the HS2 Bill gained Royal Assent for Phase 1, successfully completing over three years of Parliamentary scrutiny. The West Midlands will be the first region to receive HS2 and will be served by two stations, Birmingham Curzon and Solihull Interchange.

HS2 will provide increased speed, capacity and connectivity producing better links between businesses in the West Midlands and locations southwards and northwards. It will help to solve the capacity problem facing the existing railway network and provide better connectivity across the UK by decreasing journey times – for example, journey times from Birmingham to London will be cut to just 49 minutes – and offer more reliable journeys. HS2 will link eight of Britain's ten largest cities and serve one in five of the UK population.

HS2 therefore has the potential to greatly improve accessibility in terms of time, cost and convenience between businesses and their suppliers, employees and customers. Enhancing connectivity can result in productivity gains through cost savings or increased efficiencies to businesses locating close to the Station.

International evidence shows that with appropriate interventions the development of high-speed rail networks can result in significant economic benefits, with new development and growth clustered around stations. In addition, there are a growing number of transport hubs that are becoming a focal point for economic activity. Figure 3.1 shows how HS2 can be a catalyst for economic growth.

**Figure 3.1: HS2 – Catalyst for growth**



In terms of economic impacts, outward or market-facing activities would be expected to make greater use than back office-type functions and higher skilled, higher value occupations are more likely to benefit from the presence of HS2 than other occupations. These are the type activities that would locate within Birmingham City Centre if the right conditions and opportunities are created.

### 3.2.2 *Regional strategic context*

The strategic context at the regional level is provided through the **Midlands Engine** proposals and through the strategic direction of the West Midlands Combined Authority (WMCA) and the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP).

The Midlands Engine concept aimed to close the gap in productivity between the Midlands and the rest of the UK, retain more graduates, increase residents' skill levels and improve transport links between areas. The **Midlands Engine Strategy** (March 2017) sets out the five themes underpinning the Midlands Engine concept:

- Midlands Connect – the long-term transport strategy for the Midlands;
- Innovation and Enterprise – initiatives to improve productivity and competitiveness;
- Skills – ensuring that skills training is tailored to employer demand;
- International Trade and Investment – increasing employment and diversifying the business base; and
- Shape Great Places – strengthening the Midlands' reputation across global markets and supporting UK economic growth prospects.

With the Strategy recognising the importance of Birmingham within the UK, realizing the potential of HS2 and the Curzon station area is fully aligned to each of the five Midlands Engine themes through a comprehensive development scheme to address the key aims of the Midlands Engine concept and strategy.

The **WMCA Strategic Economic Plan** sets out the economic plan for the West Midlands by highlighting the vision, objectives and actions to improve the economic wellbeing of the region. The Plan recognises Birmingham City Centre as the heart of the area's economic geography. The Plan highlights the City Centre as a both a key strength and opportunity for the region, together with acknowledging the importance of key City Centre development programmes that will reinforce Birmingham's pivotal role in the country. The WMCA has adopted the **Midlands HS2 Growth Strategy**, which sets out the opportunities that the arrival of HS2 affords the region. It aims to leverage the benefits delivered by HS2 to drive local growth on a nationally-significant scale over and above the construction of HS2. Realising the potential of the Curzon area forms a key part of the Strategy.

The GBSLEP **Strategic Economic Plan (SEP) 2016-2030** sets out the vision and strategy for delivering smarter, more sustainable and more inclusive growth for the benefit of the GBSLEP area, the wider West Midlands region and the UK as a whole. It focuses on the following strategic priorities:

- a world leader in innovation and creativity;



- taking full advantage of our global connections; and
- creating stronger conditions for growth.

The SEP recognises Birmingham City Centre as the regional economic hub and a natural focal point for growth and investment. It emphasises the importance of harnessing the transformational opportunity presented by HS2 and identifies that the two HS2 stations will drive new areas for regeneration, housing and business growth. In addition, it highlights that the GBSLEP will deliver its £1 billion City Centre and Curzon Enterprise Zone Investment Plans, which include the Curzon HS2 scheme.

The draft Enterprise Zone Investment Plan (EZIP) 2018 sets out the next steps in creating the conditions for economic growth within the Birmingham and Curzon Enterprise Zone over the period 2018-2028, through a phased programme of investment in major schemes and infrastructure. It describes how investment will continue to accelerate development across the Enterprise Zone to maximise the potential of HS2 arriving in 2026 and the expansion of the Midland Metro Tram network from the City Centre through East Birmingham to North Solihull and UK Central. With nearly £1 billion of planned investment, GBSLEP and BCC aim to unlock the delivery of 1.1 million sq m of new commercial floorspace, create over 71,000 new jobs and contribute £2.3 billion GVA per annum (p.a.) to the economy. Ensuring that both residents and businesses share in the benefits that will be generated, will be of paramount importance. The draft EZIP includes an indicative allocation of £40 million for the Curzon Enhanced Public Realm project.

### 3.2.3 Local strategic context

#### (i) Growth

The Birmingham Curzon Enhanced Public Realm project is designed to be a key part of delivering the City Council's vision for a sustainable and connected City, and its strategic growth plans as defined in the Birmingham Development Plan 2031 and the Big City Plan.

Fully realising the potential of Birmingham Curzon and HS2 will contribute to the City's **Growth Agenda**, which includes delivering 51,100 new homes, 100,000 jobs and new infrastructure by 2031 to support the City's growing population and to continue to strengthen its national and international standing. The City Centre is central to this future growth agenda as the economic hub for the City and the principal visitor and cultural destination.

The **Birmingham Development Plan** (BDP 2031), adopted in January 2017, sets out Birmingham Council's vision and a strategy for the sustainable growth of the City for the period up to 2031. Birmingham Curzon forms an important part of the wider development of the City Centre, which is identified under Policy GA 1.2 (Growth and Wider Areas of Change). The project will contribute to the development of the Eastside area. The BDP notes that, *"The ongoing regeneration of this area will enable the City Centre Core to expand eastwards and will require well designed mixed use developments including office, technology, residential, learning and leisure. Any proposals for a HS2 station will need to be integrated into the area creating a world class arrival experience with enhanced connectivity to surrounding areas including Digbeth and the City Centre Core."*

The **Big City Plan (July 2011)** sits alongside the BDP as a non-statutory document that sets out a vision and framework for how the City Centre will be transformed, reflecting the key proposals in the BDP. The Big City Plan sets out the vision for the future transformation of the City Centre over a 20-year period to 2031. It identifies the opportunities available in the City Centre and the actions that would need to be taken to deliver long-term economic growth and secure a competitive and successful centre for the future. As one of the five “areas of transformation”, the Eastside area aims to expand the City Core eastwards, with the new HS2 rail terminus identified as providing a significant catalyst for growth.

The **Birmingham Curzon HS2 Masterplan** (2015) to which this Business Case relates identifies the proposals to radically enhance the City’s national rail connectivity and accelerate its economic growth potential. The new line and terminus will provide a catalyst to transform areas of the City centre and unlock major regeneration sites including Curzon, with the area around the station becoming one of the best connected and most productive business locations in the country. The masterplan provides the framework and principles to guide development, regeneration, and connectivity to ensure that the City can capitalise on the arrival of HS2 and fully realise its transformational impact.

The Masterplan identifies six ‘Places for Growth’:

- ‘Arrival’ – the quarter incorporating the new HS2 station and certain ‘Big Moves’ which integrates fully and opens connections to surrounding areas;
- ‘Retail’ – the quarter that links the new station with the traditional retail core of the City centre by creating a retail frontage to a new Station Square through a redesigned Moor Street Queensway through to the transformed retail High Street;
- ‘Visit’ – the quarter that links ‘Arrival’ with ‘Learning & Research’ and builds on and enhances the existing visitor destinations of Millennium Point and Eastside City Park;
- ‘Creative’ – the largest of the quarters and including much of Digbeth, it provides the opportunity to enhance the existing creative industries sector and the growing number of companies involved in digital technologies, design, TV production, and arts, and to create new mixed development and a new canal-side residential neighbourhood;
- ‘Business’ – this quarter is intended to open up new opportunities to extend the traditional office core from the Colmore Business District with new developments such as Martineau Square and Exchange Square aligned with the extension of the Metro line; and
- ‘Learning & Research’ – this quarter will further develop the R&D business and educational focus around the Birmingham Science Park Aston and the Birmingham Metropolitan University campus, with opportunities to deliver a major mixed-use commercial, leisure, and residential development at the Eastside Locks site.

The Curzon Enhanced Public Real project forms part of the ‘Arrival Places for Growth’ and as noted above will deliver two of the five ‘Big Moves’ needed as part of the delivery of the station to transform Birmingham, reinforcing and expanding the City as a destination and creating a wider economic impact.



## (ii) Environmental, active travel and wellbeing policies

A number of regional and local policies promote transport infrastructure and public realm interventions with the aim of increasing active modes of transport such as cycling and walking. The wider economic, health and environmental benefits are widely referenced as the rationale of these local policies. Through policy initiatives such as “Smart Network, Smarter Choices”, the West Midlands Combined Authority (WMCA) is able to change people’s travel behaviour and engineer “an average 4% shift from travel to work by car to active travel and public transport” within its long-term aim of “low-carbon, sustainable growth”.

The WMCA’s overarching environment strategy is outlined in “Think Global: Act Local 2014-2019” which provides strategic guidance and direction for the region to reduce the region’s impact on the environment. In an attempt to tackle global challenges, the environmental strategy promotes the role of local level policies, focusing on the sustainability of WMCA activities and promoting “leadership” and “environmental responsibility”. In 2014, the WMCA established the Low Emissions Towns and Cities Programme to promote the reduction in vehicle use, enable “a shift to sustainable transport modes” and improve the air quality and health of the region.

Currently, 25% of controllable CO2 emissions are from the transport sector. In the West Midlands, 1,500 premature adult deaths each year are attributable to poor air quality annually and the “Movement for Growth: 2026 Delivery Plan for Transport” delivery plan outlines the importance of mobility “for health and a clean environment” explaining “poor air quality resulting from transport damages our citizens’ health, and carbon emissions contribute to climate change”. Acknowledging the “inequalities in health within the West Midlands, the delivery plan demonstrates the WMCA commitment to “improving air quality” by emphasising the “important relationships between health, wellbeing and wealth”. The plan outlines prioritises improved cycling infrastructure and provision for pedestrians with the aim of reducing health inequalities across the West Midlands, which is exacerbated by poor air quality and low levels of physical activity, and “increasing the healthy life expectancy by 2030”.

A more detailed description of these policies is included at Appendix A.

### 3.2.4 Birmingham City Council corporate priorities

The Council’s corporate priorities are articulated within the **Council Plan** and the **Budget 2018+** document. The Council Plan and Budget covers the 2018/19 – 2021/22 period and sets out the objectives, priorities and spending plans for the City. The Council’s vision for the future of Birmingham is for “*a city of growth, in which every child, citizen and place matters – a great city to grow up and grow old in, where people are healthier, communities grow stronger, and decent housing provides a strong foundation in which to raise families and build careers.*”

The Council Plan and Budget sets out the Council’s commitment to deliver on the targets set by the BDP identified above – to deliver 100,000 jobs and 51,100 new homes by 2031. Key to meeting these targets is the development and delivery of a series of Major Projects and Programmes, including Birmingham Curzon.

The project is specifically identified under the “Jobs and Skills” theme with the objective of *“creating the conditions for inclusive and sustainable growth that delivers and sustains jobs and homes across Birmingham”*.

The Council’s commitment to the development of the Curzon Enhanced Public Realm is reflected in its inclusion with the Draft EZIP 2018 and thus its willingness to prudentially borrow to deliver the project.

### 3.3 Impact of Public Realm

The effect of public realm interventions can be considerable and is reflected by significant and positive impacts on individuals, communities, local economies and land values.

Using Jan Gehl measurement of human experience of place, the Place Making: The Value of the Public Realm report (CBRE, 2017) demonstrates the value of public realm interventions in financial terms, through the impact on land value, rents and capital values. The study identifies that public realm can generate an uplift in value by a “change of image”, “creation of a destination”, “versatility of public realm” and the stimulus a public realm intervention can have “as part of wider redevelopment project”. The paper argues that public realm intervention “dramatically improves the economic competitiveness of an urban area”. In particular, the research identifies that:

- successful placemaking initiatives can revitalise an area and act as a magnet for people wanting to both live and work in a place that offers an attractive employment, with consequent benefits for real estate values (through the impact of land value and rents and capital rents);
- by altering the public image of a location, public realm intervention has a proven impact on visitor numbers and attracting retailers by improving the overall attractiveness of an urban space. The impact of “a change of image” in the Place du Marche Saint Honore public realm development in Paris has led to non-residential land values within 100 metres of the development rising by 33% and by 7.3% within 500 metres of the development. Retail values also have the potential to increase considerably and have done so by 166% in the Place du Marche Saint Honore case study;
- the “change of image” in the Place du Marche Saint Honore area has increased residential rents by 53% in the last twelve years since the project’s completion as the reimagining of the public space attracts “prosperous and dynamic new tenants”;
- the successful creation of “a sense of destination” when designing a public realm space can incentivise further regeneration in the wider area, boosting visitor numbers and increasing the attractiveness of an area to residential and retail development activity;
- the improved human experience of an urban area can readily translate into appreciating real estate values. In response to the “increased liveability” of the development of the High Line public realm in New York has facilitated the development 15 new residential buildings and the addition of 2000 new units, which equates to a 50% housing stock increase, since its creation. Moreover, the median resale price for residential real estate surrounding the

redevelopment increased to just shy of \$2.3 million, in comparison to the median sale price of the neighbourhood in general which is \$763,000;

- the increased residential value of developments can lead to wider commercial benefits. Asking rents of buildings in the immediate area surrounding the High Line in New York have risen by 51% comparable to asking rents one block away. The increase in rents has acted as a stimulus for further development activity. The demand which is driving rents higher is also prompting further development activity, in the form of an extensive 12-storey office building and the expansion of the Chelsea Market complex;
- public realm interventions, as part of wider redevelopment, can be a focal point of the visiting public especially when the area offers a wide range of uses and activities. The retail rents in the Porta Nuova public realm area, which hosts Milan Fashion Week, open-air concerts and other large-scale entertainment events, have increased by 27% from 2004 to 2009, while the wider area has seen no rental growth; and
- growth in retail rent prices in the immediate area of public realms can be more resilient than the average growth in wider area/city. The development of Liverpool One into a mixed-use commercial and residential space has increased retail rents by 17.5%, compared with a decline of 7.4% in the city overall since 2008.

Public green spaces are a common and popular form of the public realm which provide a wide range of amenities to residents alongside tangible financial gains in the form of increased land values. The Curzon Enhanced Public Real project includes the creation of a Rain Garden within the Curzon Promenade and Square. In London, it is calculated that public parks have a gross asset value in excess of £91 billion, comprising the value of recreation in the capital, huge benefits to health and land value uplift, with all sizes of functional green space within 200 metres of property having a positive impact on land prices. Analysis by the Office of National Statistics estimates that the presence of a 'small functional green space within 200 metres of a property is associated with a rise in property price of 0.5%'. The greater the size of the functional green space the greater the effect on property prices, for example, presence of very large functional green space is associated with a rise in property price of 1.4%.

In Port Sunlight, public realm intervention transformed unused land into a 30-hectare park and wetland. The creation of the park has had a considerable economic impact in the area, increasing visitor numbers to the site by 40,000 per year, generating £48,000 of revenue per year to the businesses that operate in the park and adding £7.8 million to the value of the community within 500 meters. Local property values have also increased by 5.4%, as residents enjoy access to the park for recreational purpose, shopping and volunteering opportunities.

Formal green spaces such as public gardens, parks and wilderness park have a high expected amenity value for society. Moreover, the Fields in Trust (2018) report shows that the utility individuals derive from public green spaces is not uniform, with lower socio-economic groups and Black, Asian, Minority Ethnic (BAME) groups deriving significantly more wellbeing from accessible green spaces. The willingness to pay for local parks or green spaces for lower socio-economic groups, especially in urban areas, is significantly higher than the national average at £4.32 per month while BAME groups valuing parks and green spaces more than double the UK average at £5.84 per month. The higher value ascribed to parks and green spaces by these group is also reflected in their likelihood to visit public green spaces more often.

More generally, RICS research which explored the impacts of placemaking, including public realm, on values found uplifts ranging from 5% to 56%. Research by Savills (2016) found that additional early spend on placemaking activities can cause sales values to rise by 20% and increase land values by up to 25%.

## 3.4 Property market context

An overview of the key trends and conditions in the local property market context is summarised below. This is informed by the commentary provided in the Curzon Growth Strategy report on development viability and funding (GVA, 2014), along with more recent market evidence.

### 3.4.1 Office

Birmingham is a major office location within the UK with the largest business and financial services sector outside London. The assessment of market conditions (GVA, 2014) indicated that the City had a stock of some 1.7 million sq m of floorspace, of which 1 million sq m was located in the prime core area and 372,000 sq m was Grade A. Take-up rates averaged some 66,000 sq m prior to the 2008 great recession (of which some 339,000 sq m was Grade A), although this was more subdued in the period 2010-2013 with public sector activity accounting for almost a third of larger transactions. In addition, GVA noted an encouraging level of inward investment activity, including 12,450 sq m taken by the Deutsche Bank relocation from India and the South East, which was seen as reflecting the City's increasing recognition at an international level in a market which historically appealed to indigenous occupiers. Investment was also identified from occupiers involved in HS2 construction. In terms of supply, Birmingham benefitted from a significant level of speculative development prior to the great recession, with 10 significant office buildings constructed between 2007 and 2010. This led to a surfeit of accommodation, with over 240,000 sq m of immediately available space (representing a vacancy rate of 14%). Only about 36,000 sq m of this was considered to be Grade A, and GVA expressed the view that a significant proportion of the remainder may have become immediately obsolete.

As a result, GVA indicated that available Grade A space represented an approximate 2 years' supply at average annual take-up rates and that it was anticipated that demand would exceed supply by 2015 because of the drying up of the immediate pipeline. Demand was expected to rise for a number of reasons, including a glut of lease renewals, further inward investment, and relocations from the South-East. Rental changes reflect this: prime rents peaked at £355/sq m in 2008 but fell back to £296/sq m in 2014 and were expected to gradually rise over future years. GVA identified the need to balance the large identified potential future development pipeline (including Curzon) with anticipated increases in future demand, which it suggested could rise to over 74,000 sq m per annum. Curzon was seen as meeting demand from a broad range of office users from larger corporate occupiers through to small creative businesses.

More recent evidence from the Knight Frank (The Birmingham Report, 2018) indicates the transformation taking place within the Birmingham office market and the growth of the serviced office market. It is evident that there is a requirement for Grade A accommodation, with over 50% of total take-up within central Birmingham being Grade A. This has been attributed to the ongoing necessity for occupiers to attract top talent and raise their business profile.

From a supply perspective, remaining available stock will have eroded further as we progress into 2019, this will no doubt impact on headline rental values (currently at £33.50/sqft) and pressurise the development pipeline, of which there is a significant volume of floorspace on the horizon.

### 3.4.2 Hotel

GVA identified a stock of some 14,000 bedrooms in Birmingham in 2014, with occupancy rates rising to 82% in September 2014 and average room rates of £72 reportedly being achieving. The main drivers of demand were identified as being corporate business, City events, and leisure visits. In terms of supply, Birmingham saw an increase of some 8% in hotels between 2004 and 2014 in particular in the budget and mid-market sectors (but with very limited 4\* additions). The increase in supply is said to impact largely on secondary unbranded hotels.

In terms of future supply, an immediate potential pipeline of 17 hotels was identified together with a potential further development pipeline of an identified 15 schemes. As with office development, the report indicates that there is a need to ensure a balanced supply, with proposals for Curzon reflecting timing beyond 2026 responding to business growth, visitors, and city living and an appropriate mix of hotel gradings.

More recent evidence Colliers UK Hotel Market Index (Colliers International, 2016) which indicates that Birmingham retained an active market with an active pipeline of some 10% of stock and maintaining a relatively high market appetite and average daily rates although more middle-range occupancy rates and revenue per available room, with more subdued valuation yields.

### 3.4.3 Housing

The Greater Birmingham HMA Strategic Growth Study (February 2018) identifies an overall need across the West Midlands for the provision of at least 208,000 dwellings to 2031 and 258,500 homes to 2036. In comparison, the study quantifies a developable land supply of around 180,000 dwellings to 2031 and 197,000 dwellings to 2036 – resulting in a current shortfall of 28,150 dwellings to 2031 and 60,900 dwellings to 2036 across Birmingham HMA. The Study Concludes that additional housing allocations will be required as will an increase in densities – an aspiration in line with the Chancellor’s Autumn 2017 Budget Speech commitment to “building high quality, high density homes in city centres and around transport hubs”.

There is clear evidence of housing need in Birmingham. Birmingham’s population is projected to increase by 156,000 by 2031. The objectively assessed housing need in the Birmingham Development Plan for the period 2011-2031 is 89,000 new homes.

The City set out in the BDP (adopted January 2017) its approach to planning for this significant level of growth in the most sustainable way, it sought to maximise the level of housing growth accommodated within the built-up area of the city and plans for 51,100 new homes of which 45,100 will be within the built-up area. Green belt land has been released for an additional 6,000 to the north of the city. A proportion of need will therefore have to be met outside the

city boundary and the City continues to work actively with neighbouring authorities to ensure appropriate provision within the Greater Birmingham HMA.

Birmingham is an attractive place to invest in residential development. Whilst the City is currently meeting its housing trajectory, delivery needs to be accelerated to increase the rate of delivery from 2018/19 onwards. The City's growing population and limited housing supply are driver of house-price inflation.

Evidence from Knight Frank (The Birmingham Report, 2017) indicates that residential is an outperforming market with the annual growth rate for average house prices in Birmingham having averaged between 5% and 10% since mid-2015 and has outperformed the wider UK market for more than a year according to ONS data. It recorded one of strongest house price growth rates of any city in England, including London. The strong growth rate in prices seen in the past few years has contributed to a 43% rise in average residential property values since the post-crisis trough in the market in 2009 (although the average price in Greater Birmingham is still around 28% lower than the UK average of around £243,000).

#### 3.4.4 *Retail and leisure*

GVA indicates the turbulent period for retail in Birmingham City centre in common with other cities in the UK following the global recession of 2008 prior to which conditions were at an all-time high for example in relation to Zone A rents. The report indicates that it was not until 2012 that some stability returned to the market, which was followed by the period to 2014 where there were improving conditions, led in part by the leisure sector (in particular in food and drink). Birmingham benefitted from the particularly strong retail development pipeline, including New Street Station, Grand Central, and Mailbox, which reflected positive sentiment by occupiers and rental levels remaining positive although largely flat at £300 in Zone A. GVA also noted evidence of growing requirements in the leisure sector (again, in particular in food and drink) from investors from outside the West Midlands. Within a more optimistic outlook, GVA also indicated that retail and leisure would need to respond to changing consumer requirements and the reconfiguration of Birmingham's retail core. However, Curzon is seen as being able contribute to the prospect of increases in the number of visitors and the positive response of retail and leisure occupiers, with a gradual process that could benefit development opportunities within Curzon in the medium to longer term from 2025 onwards.

More recent evidence from Knight Frank (The Birmingham Report, 2017) indicates that Birmingham has undergone a renaissance in terms of retail and leisure in recent years. Whilst the shopping experience has improved significantly, the food and beverage offer has exploded. Today Birmingham today has over 1,000 shops within a 20-minute walk of the city centre and sits fourth in CACI's UK Retail footprint ranking while the City now accommodates over 320 coffee shops. Consequently, prime ground floor rents have grown exponentially over the past five years from around £20 per sq ft to in excess of £40 per sq ft.

#### 3.4.5 *Curzon Development Viability and Funding*

GVA was commissioned by BCC to provide advice on development viability and funding of the proposals for Curzon (GVA, December 2014) based on the Birmingham Curzon HS2 Masterplan



(although predating the final version). Its report provided an overview of property market conditions prevalent at the time and an assessment of the effects of transport infrastructure on land and property values as a context, as the basis for estimating expected development in Curzon on the basis of development appraisals of 32 individual sites under two scenarios:

- Scenario 1 (baseline) – development of the new HS2 station but with low level associated public realm and infrastructure; and
- Scenario 2 (preferred option) – development of the new HS2 station with high-quality associated public realm, infrastructure and transport improvements.

In terms of the effects on rents, GVA state that, *“With the comprehensive improvement to public realm and public transport connectivity under Scenario 2 we forecast commercial rental growth up to 2031 amounting to 37% cumulative in respect of transport improvements and 20.3% in response to public realm works.”*

GVA concluded that an estimated total of 1,057,000 sq m of commercial, community, and housing development would take place as a result of the HS2 investment under Scenario 2, compared with 745,000 sq m under Scenario 1, resulting in an additional estimated 312,000 sq m of development (+42%) with much higher development values and achievable rents.

### 3.5 Stakeholders

Significant engagement has already taken place through the preparation and development of the Birmingham Curzon Masterplan. This included consultation with developers, businesses and the public, on the Draft Masterplan. More than 90 per cent of those who responded backed the plan and believed HS2 would be a driver for economic growth in Birmingham.

In terms of ongoing stakeholder management, BCC is in constant discussion with HS2 and its advisors in relation to the project. In addition, there is also a close dialogue with Transport for the West Midlands (TfWM) and the Midland Metro Alliance regarding the adjacent SPRINT and tram schemes.

### 3.6 Rationale for intervention

#### 3.6.1 Needs and demands

The Curzon Public Realm Enhancement project is strongly aligned with meeting the needs of the City in relation to the provision of modern housing and workspace, and repositioning of its office, retail and leisure offer which requires intervention by the public sector to unlock opportunities.

The Birmingham Curzon Growth Strategy – Development Viability and Funding report (GVA December 2014) concluded that the arrival of HS2 into the centre of Birmingham provides an unrivalled opportunity to transform areas of the city centre and in particular to implement changes that will assist significantly with the growth prospects inherent with HS2.

### 3.6.2 Policy imperatives

The strategic context identified above (para. 2.1.1 – 2.1.3) demonstrates that there are particular policy imperatives that support the need for the scheme, including to increase housing provision to match a range of types and tenures, to promote economic growth and diversification of key aspects of the City's offer in order to develop new employment opportunities and increase living standards, and to create an environment that will provide a setting that is commensurate with the planned development and enhances the quality of life of residents, workers, and visitors.

### 3.6.3 Market failures

The rationale for public sector intervention will normally involve justifying an activity in terms of its expected impact on economic efficiency, or in terms of stated Government policy objectives (such as social objectives), or some combination of the two. Improvements in economic efficiency involve the allocation of scarce resources in order to enhance utility – in other words, to secure the highest possible net social welfare. There are a number of potential market failures which provide a strong rationale for the provision of support to schemes such as Birmingham Curzon that aim to deliver economic growth and provide environmental amenity:

- **Positive externalities** - the production or consumption of a good or service can bring significant benefits to society as a whole which are not considered in the private sector decision-making process.
- **Negative externalities** – the Birmingham Curzon area represents brownfield land that has previously been developed. The costs of reclaiming and servicing sites represent a significant barrier to development. The underused nature of parts of the area has an adverse effect on the environment and image of the area.
- **Merit goods** - these are goods or services provided free for the benefit of the entire society by the public sector because they would be under-provided if left to market forces, such as new infrastructure and public open space. Infrastructure and public realm can be considered to be a merit good as they bring social and economic benefits to an area and individuals but would not be provided by the private sector in the absence of support.
- **Equity/distributional failure** - this can occur when the market has failed to provide opportunities equitably across all social groups and geographical areas. The economic context set out above identifies that the wider area has a number of challenges which the programme will help to address, particularly around unemployment and deprivation. There are significant pockets of deprivation in and around Birmingham City Centre.

The project is expected to deliver a significant level of public goods and positive externalities, including improved public realm and public transport, which would lead to improved amenity value and connectivity. The scheme would additionally bring back brownfield land into more productive use land.

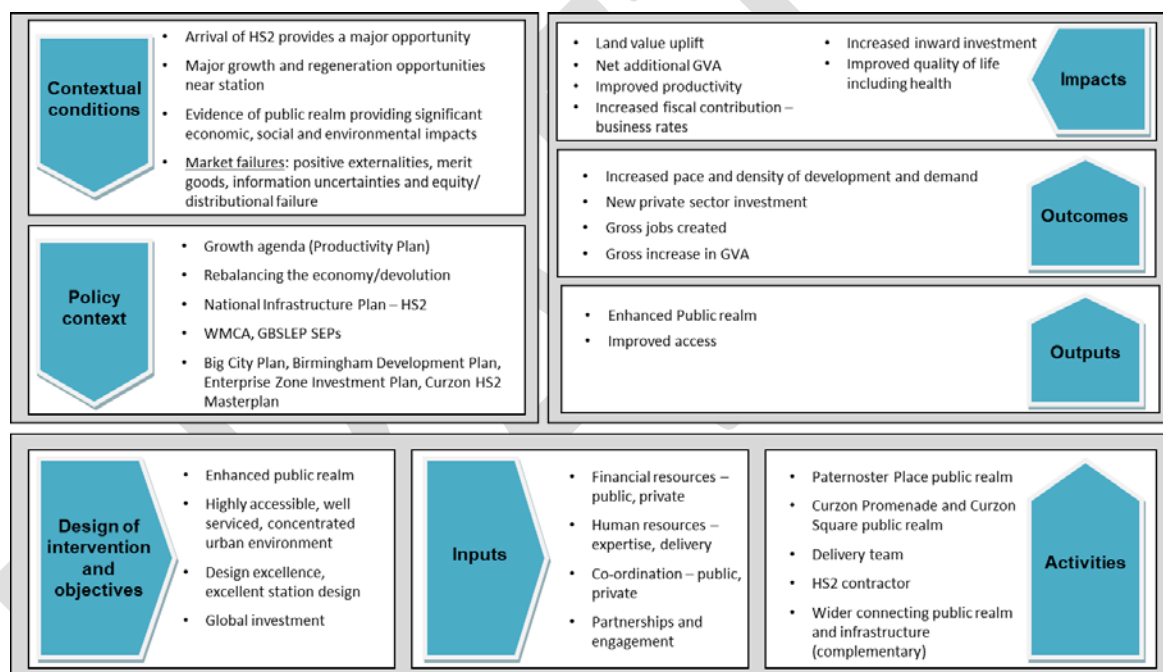
### 3.6.4 Logic chain



The current baseline conditions in the area are dominated by the construction works proposed for HS2's Curzon Street station. The area has been largely cleared and with much of it zoned off as a construction site. Consequently, there are very limited pedestrian, cyclist or vehicular movements taking place currently. This position will change dramatically with the opening of HS2 and the proposed enhancement project. Once the Curzon Street station is open an estimated 25,000 passengers will use it each day in 2026. This is estimated to increase to 66,000 in 2041, six years after completion of both Phases of HS2.

There is a clear logic chain linking needs and opportunities through to project outputs, outcomes and impacts. This shows how the proposed project, and the inputs it entails, is expected to deliver key outputs and outcomes and how they will contribute to wider priorities and target impacts.

**Figure 3.2: Enhanced Public Realm Logic Chain**



### 3.7 Constraints and dependencies

There are a number of key constraints and dependencies to be addressed, which are set out in the programme attached as Appendix B and Risk Register attached at Appendix D. A detailed delivery programme will be included within the FBC and is dependent on the appointment of the contractor to design and build the station. At this stage the key ones include:

#### (i) Constraints

- Ground conditions
- Agreement with Network Rail in relation to the overbridging of its rail lines and equipment

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**(ii) Dependencies**

- Continued delivery of HS2
- Schedule 17 planning consent
- Procurement of the HS2 Curzon Station Design and Build contractor
- Delivery Agreement with HS2 with appropriate risk allocation and change management.
- Release of resources to develop the FBC
- Development and approval of FBC by the GBSLEP and BCC
- Development of the on-going maintenance strategy

The associated barriers to change include developing a joint approach that integrates effectively with the delivery of HS2.

## 4 Economic case

### 4.1 Introduction

This section establishes the economic case for the proposed project based on the appraisal of the costs and benefits of alternative options and an assessment of Value for Money (VfMz) to determine the appropriate way forward. The risks and sensitivities of each option are assessed, along with the wider benefits. The key findings are presented in an Appraisal Summary Table.

A copy of the economic appraisal model is provided separately as Appendix C.

### 4.2 Approach

A cost benefit analysis has been undertaken that compares the quantified economic costs and benefits of in order to help determine value for money. This has been accompanied by an assessment of the economic impacts (jobs and Gross Value Added (GVA)) and the wider, less easily quantifiable benefits that would be expected to be generated under each short-listed option – such impacts are important in understanding the overall economic case for intervention at both the local and national level.

The Curzon enhanced public realm project will comprise public sector support towards key works of public benefit involving augmented public realm improvements. The methodology for assessing the economic case applies an approach that is consistent with the HM Treasury's Green Book (April 2018) and MHCLG's Appraisal Guide (December 2016).

In terms of the key economic modelling inputs and assumptions for the Curzon project, these include:

- all short-listed options have been appraised over a 30-year period, consistent with appraisal guidance;
- where Present Value figures are presented, costs and values have been discounted at 3.5%, in line with the HM Treasury Green Book;
- all monetised costs and benefits have been converted to 2018 prices, with general inflation excluded;
- the costs and benefits of the three intervention options are presented in gross terms and relative to the reference case (Business as Usual (do nothing) option). Adjustments have also been made for leakage, displacement and multiplier effects where appropriate (as detailed below); and
- Optimism Bias has been calculated using HM Treasury methodology and included in the value for money analysis.

As set out within the MHCLG Appraisal Guide, projects should be appraised on the basis of a benefit cost ratio (BCR) reflecting the private benefit associated with the change in land use (land value uplift) and the external benefits (and costs) of the scheme, compared to the net

public sector cost. Table 4.1 sets out a summary from the MHCLG Appraisal Guide of the potential benefits and costs that inform the assessment of the BCR.

The guidance recommends that two BCRs are calculated. An 'initial' BCR takes into consideration all appraisal values where there is a strong underlying evidence base (for example, appraisal values based on the Green Book). The 'adjusted' BCR may include additional evidence not currently widely-recognised, but may reflect an appraiser's own accredited experience

Table 4.1: Description of the benefits and costs identified within the DCLG Appraisal guide*		
	Consumer and business impacts	External impacts and public sector finance impacts
Present value benefits (numerator)	Private benefits e.g. land value uplift [Private sector costs if not captured in land value] Public sector grant or loan if not captured in land value [Public sector loan repayments if not captured in land value] Distributional benefits	External benefits [External costs]
Present value cost (denominator)		Public sector grant and/or loan [Other public sector loan repayments] Other public sector costs [Other public sector revenues]

\*The benefits and costs in brackets are negative values

In addition to the calculation of a BCR for the project in line with MHCLG's recommended methodology, the strategic importance and local economic impact has also been assessed at the GBSLEP level. This has been based on an analysis of the net additional jobs and GVA benefits that are expected to be created by the project.

The analysis focuses on the additional impact of the enhanced public realm project over and above the effects associated with the HS2 base scheme.

Based on the review of the evidence of the impacts of public realm, it is anticipated that investment will influence new development activity in a variety of ways:

- **Vacancy rates** – there is evidence that the creation of an attractive environment can reduce levels of vacancy. While this is particularly evident within a retail setting, there is indirect evidence that the amenity and image benefits associated with proximity to high quality public realm can increase demand for other commercial accommodation resulting in reduced vacancy.
- **Values** – the evidence outlined above highlights examples from the UK and overseas where investment to deliver a comprehensive public realm solution has resulted in an increase in rental values. This applies to both residential and commercial premises, and reflects the importance of location for the valuation of land and premises.

- **Intensity of development** – through enhancing values and reducing vacancy, public realm investment also has the capacity to increase the intensity of development. This is particularly relevant within a core city centre location such as Curzon.
- **Pace of development** – the creation of a high quality and cohesive public realm environment is expected to create the conditions to attract occupier and investor. Through bolstering demand, investment in public realm has the potential to mitigate risk and enable the developer to accelerate the commencement and rate of delivery. This is expected to be particularly relevant for complex, multi-phase schemes.
- **Type of activity** – through transforming the environment, public realm investment has the potential to generate development demand from alternative uses. This is particularly relevant within an edge of centre location, where investment in former industrial zones can catalyse demand for higher value uses including office, leisure and residential.

Consideration has been given to the level of impact associated with each of these variables arising as a result of public realm enhancements around the HS2 station at Curzon. The assessment has focused on sites and zones directly benefiting from investment as a result of enhanced visual amenity or improved connectivity.

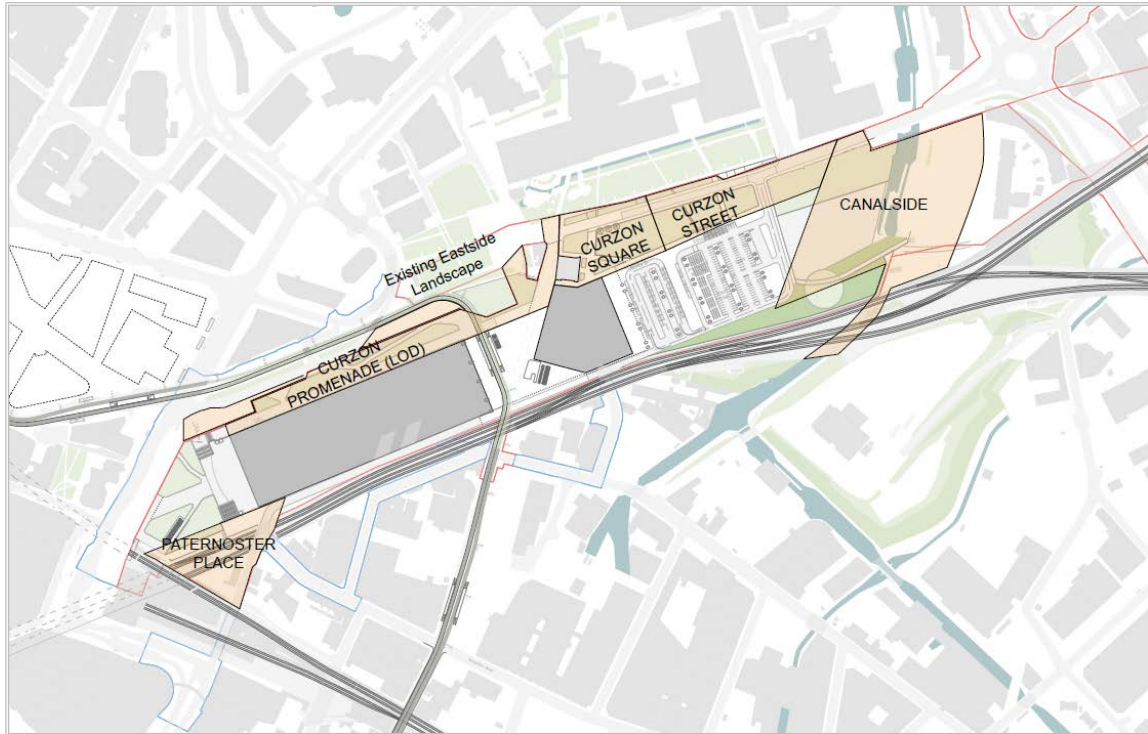
## 4.3 Options

### 4.3.1 Long-list of options

A range of alternative design options have been developed by WSP and assessed as part of the process of developing the proposed public realm proposals. Within the scope of the design-led assessment WSP has evaluated and developed concept proposals for the areas described in Figure 4.1.

The optioneering process has included consideration of 12 alternative options in relation to Paternoster Square and 3 in respect of Curzon Street and Square. Each of the options was assessed against a range of criteria. For Paternoster Square the criteria included: Strategic Goals and HS2 Programme Benefits (project specification, HS2 design vision, Curzon HS2 masterplan, and Curzon Station public realm brief); Construction Feasibility (complexity, programme, disruption, impact on 'triangular site', utilities); HS2 Operation Feasibility – Operations (vehicular access); Maintenance (maintenance and servicing arrangements); HS2 Operation Feasibility – travelling public (dispersal by mode, connectivity, security/personal safety); Demand (pedestrian and cycling growth); Environment; Health and Safety (risk to health during construction and operation); Commitments (public/BCC assurances, visual and physical connection between City Core and Digbeth, existing infrastructure, biodiversity); and Commercial Development (opportunities for appropriate commercial development). Each option was scored out of five and rated using a red, amber and green (RAG) approach.

**Figure 4.1: Scope of the WSP public realm assessment**



Each of these zones has been evaluated as part of a long list of options as outlined below, alongside the business as usual scenario:

- **Business as Usual** – in the absence of investment no enhancement works will be supported and the ‘base’ HS2 scheme will be delivered. As outlined above, this scheme is not expected to provide a comprehensive public realm environment.
- **Paternoster Square** – identified as a gateway to Digbeth, enhanced proposals for Paternoster Place seek to provide a wide and attractive pedestrian route. A key objective is to open up opportunities for regeneration within Digbeth, bringing forward regeneration within the Enterprise Zone. The WSP sift considered twelve options, selecting proposals for a corner chamfer to provide clear sight lines and a potential development platform for further detailed assessment. The proposals for a large chamfer (PP5) were identified as the preferred solution, with scenarios promoting a small and medium chamfer (PP3 and PP4) also advanced for further consideration.
- **Curzon Promenade** – a zone to the north of the HS2 station, part of which lies outside of the HS2 ownership. The primary design objectives relate to celebrating the view of the historic Curzon Street Station alongside enhancing connectivity, reflecting the role of the space in providing linkages with adjacent uses including the University, as well as facilitating movement between the City Centre and Eastside. The creation of a landscaped green setting for the Station was also a primary design objective. In response, WSP considered design options for an ecology and sculpture park (CP2), an active terraced garden (CP3) and

a for sports, fitness and play (CP4). Option CP2 was selected through the sift process and is reflected in the long-list outlined below.

- **Curzon Square** – designed as a grand civic space, building on the foundations of the Eastside City Park, the park is envisaged as a major arrival space. The sift considered three options for Curzon Square and Curzon Street jointly. Based on a review of options for a formal tree grove (CS2), garden square (CS3) and multi-functional garden square (CS4), the sift identified a formal tree grove as the preferred option.
- **Curzon Street** – the proposals for Curzon Street reflect the broader aspirations for the Eastside area. The design vision promotes the creation of a cohesive urban park aligned with Curzon Square. The results of the sift process at DAL3 are outlined above in relation to Curzon Square.
- **Canalside** – comprising land to the east of the HS2 station, the Canalside area lies at the interface with the Digbeth Branch Canal. It has been designed as a network of public open spaces extending across both banks of the canal, providing for enhanced access, recreation and environmental attenuation. Three options were considered through the sift. Ahead of an assessment of value for money, this identified an enhanced programme of works (CaS4) as the preferred option.

The process of deriving a short list of options has built upon the sifting process undertaken by WSP in consultation with HS2, Birmingham City Council and other professional advisors. Each of the preferred options identified through the sift have been taken forward into the long list of options.

The long list has been subject to a strategic assessment involving a review and scoring assessment, based on the ability of each option to meet key critical success factors (CSFs), namely strategic fit, potential VfM, potential achievability, and potential affordability. Scores have been applied ranging from very high (a maximum score of 5) to very low (a score of 0) in order to determine those that are most likely to meet the CSFs and that should be short-listed for more detailed appraisal. Those options that either score zero for any criterion or have an overall score of 8 or less have not been short-listed, with the exception of the Business as Usual case.

Table 4.2 sets out the results of the long-list assessment.



**Table 4.2: Long-listed options**

	Strategic fit	Potential VfM	Potential Achievability	Potential Affordable	Short-listed
<b>Reference case</b>					
Business as Usual	Does not fit with the strategic vision and policy objectives	N/A	Would be deliverable/achievable	N/A	<b>Yes</b> (as reference case)
<b>Enhanced public realm components</b>					
Paternoster Place – small corner chamfer	Enhances access to Digbeth in line with strategic objectives for the enhancement works, but impact lower than other Paternoster Place options <i>Score: 3</i>	Lower cost has potential to be offset by reduced impact arising from more limited linkage with Digbeth <i>Score: 2</i>	Likely to be achievable subject to securing agreement and rights from Network Rail There are no other major impediments to delivery <i>Score 3</i>	Expected to be affordable within the wider budget envelope of the scheme, subject to the approval of LEP capital funding <i>Score: 4</i>	<b>No</b>  <i>Overall score: 12</i>
Paternoster Place – medium corner chamfer	Enhances access to Digbeth and directly facilitates the delivery of new commercial accommodation in accordance with the objectives of Birmingham City Council for the enhancement works <i>Score: 4</i>	Unlocks significant HS2 commercialisation opportunities, offsetting cost impact of overbridging rail line. <i>Score: 4</i>	Likely to be achievable subject to securing agreement and rights from Network Rail There are no other major impediments to delivery <i>Score 3</i>	Expected to be affordable within the wider budget envelope of the scheme, subject to the approval of LEP capital funding <i>Score: 4</i>	<b>Yes</b>  <i>Overall score: 15</i>
Paternoster Place – large corner chamfer	Enhances access to Digbeth in accordance with the objectives of Birmingham City Council for the enhancement works <i>Score: 3</i>	Significant impact on development activity within Digbeth partly offset by cost increases <i>Score: 3</i>	Likely to be achievable subject to securing agreement and rights from Network Rail There are no other major impediments to delivery <i>Score 3</i>	Expected to be affordable within the wider budget envelope of the scheme, subject to the approval of LEP capital funding <i>Score: 4</i>	<b>Yes</b>  <i>Overall score: 13</i>



**Table 4.2: Long-listed options**

	Strategic fit	Potential VfM	Potential Achievability	Potential Affordable	Short-listed
Curzon Promenade	Enhances the public realm to provide an improved arrival experience for passengers and create an environment that facilitates the delivery of new commercial and residential development <i>Score: 4</i>	Potential for costs to be offset through enhancing connectivity and environment adjacent to strategic development schemes, notably Martineau Place <i>Score: 3</i>	Achievable as land within the ownership and control of Birmingham City Council <i>Score: 4</i>	Expected to be affordable within the wider budget envelope of the scheme, subject to the approval of LEP capital funding <i>Score: 4</i>	<b>Yes</b>  <i>Overall score: 15</i>
Curzon Square	Enhances the public realm to provide an improved arrival experience for passengers and create an environment that facilitates the delivery of new commercial and residential development <i>Score: 4</i>	Important to link effectively with existing public realm provision, but direct benefits may not be sufficient to justify level of investment envisaged <i>Score: 2</i>	Achievable as land within the ownership and control of Birmingham City Council <i>Score: 4</i>	Expected to be affordable within the wider budget envelope of the scheme, subject to the approval of LEP capital funding <i>Score: 4</i>	<b>Yes</b>  <i>Overall score: 14</i>
Curzon Street	Enhances public realm but limited impact in terms of facilitating the delivery of new commercial and residential development <i>Score: 2</i>	Level of benefit achieved above baseline scheme potentially insufficient to justify level of investment <i>Score: 2</i>	Achievable as land within the ownership and control of Birmingham City Council <i>Score: 4</i>	Potentially affordable within the wider budget envelope of the scheme, subject to the approval of LEP capital funding <i>Score: 3</i>	<b>No</b>  <i>Overall score: 11</i>

**Table 4.2: Long-listed options**

	Strategic fit	Potential VfM	Potential Achievability	Potential Affordable	Short-listed
Canalside	Enhances public realm but limited impact in terms of facilitating the delivery of new commercial and residential development <i>Score: 2</i>	Within current market conditions, the level of benefit is unlikely to be sufficient to justify the considerable delivery cost <i>Score: 2</i>	Potentially achievable as designed subject to ensuring environmental compliance and securing appropriate rights and ownerships <i>Score: 3</i>	Unlikely to be affordable within the wider budget envelope of the scheme, subject to the approval of LEP capital funding <i>Score: 1</i>	<b>No</b>  <i>Overall score: 8</i>

### 4.3.2 Short-listed options

The proposed intervention option has been considered in detail, together with the 'Business as Usual (do nothing)' option (Option 1) to identify the counterfactual. These are summarised below:

- **Option 1: Business as Usual (Do Nothing)** - under this option, only the HS2 baseline scheme would be delivered. While this would create a high quality environment, opportunities to maximise the strategic impact of the HS2 station would not be realised. In particular, it would fail to secure high quality links to strategically important development sites within Digbeth. In addition, the integration with existing public realm and key institutions to the north of the station would be of a lower quality.
- **Option 2: Curzon Promenade and Curzon Square** – works to extend the baseline public realm scheme beyond the HS2 land to enhance integration and linkages along the corridor to the north of the station. Under this option, no enhancement works would be progressed at Paternoster.
- **Option 3: Paternoster (medium corner chamfer), Curzon Promenade and Curzon Square** – in addition to the works proposed under Option 2, this option would support the creation of enhanced linkages to Digbeth. The delivery of a medium chamfer would further support HS2 commercialisation opportunities, with emerging proposals for a 40,000 sq m office scheme fronting onto Station Square.
- **Option 4: Paternoster (large corner chamfer), Curzon Promenade and Curzon Square** – this option would enhance linkages with the Digbeth area. However, the chamfer would not be expected to promote the HS2 commercialisation opportunity.

## 4.4 Project costs

The public sector economic costs associated with the delivery of the Curzon Enhanced Public Realm project have been estimated by the project team and are expected to relate to the following items. A more detailed breakdown is set out in Appendix 3:

- **Feasibility and Design costs** - the City Council and HS2 has and will directly incur fees, legal and other costs in developing the proposed scheme up to FBC. These include cost already approved of £1,445,512 and this OBC is seeking the release of further costs of £222,764 to develop the FBC ;
- **Public realm works** – an estimate of £15.57m has been outlined within a cost plan prepared by the HS2 design team and reviewed by Birmingham City Council (Appendix I). Alongside direct construction costs, this estimate makes allowance for on-costs (preliminaries and contractor fee) and fees (including design fees, an HS2 fee and a HS2 legal fee). Adjustments are also made for a risk estimating tolerance (at 5% of total cost), risk (at 40% of cost) and inflation. Inflation has been excluded from the estimate of economic costs. Further to this, it is assumed that the estimate of risk adjusts for optimism bias. Pro-rata adjustments have been applied to inform the estimate of cost under the alternative options;

- **Land/rights** – the assessed value is estimated to be £1.15 million. This will be subject to further negotiation with Network Rail and other relevant stakeholders;
- **Management costs** – An allowance of £0.49m allowance is made for costs to manage the project, including
  - BCC project management through a part time post up to 2023
  - Further allowance is made for additional fees associated with legal and planning support, alongside fees to Acivico for contract monitoring;
- **Lifetime costs** – based on indicative information provided by BCC, it is estimated that annual provision of £60,000 should be made for ongoing maintenance in relation to the enhancement works.
- **Optimism bias** - The HM treasury's Green Book indicates that consideration should be given to the degree to which the project is subject to Optimism Bias. That is, the tendency for project sponsors to be overly optimistic about the costs of the project, the timescale necessary for delivery, and the benefits that may accrue. In the case of Curzon, there remains a need for further due diligence. Consequently, the cost plan applies a risk adjustment (optimism bias) of 40%. On this basis, optimism bias has been applied to other costs at this rate. Including the tolerance value of 5% this totals £7.31m

The public sector economic costs of the enhanced public realm works proposed under Option 3 have been estimated at £28.59 million (2019 prices) based on the assumptions outlined above. The economic costs are summarized in Table 4.3 alongside estimates for the alternative options.

Table 4.3: Public sector costs – intervention options						
	Option 2		Option 3		Option 4	
Cost item	Total (2019 prices)	Present value (2019 prices)	Total (2019 prices)	Present value (2019 prices)	Total (2019 prices)	Present value (2019 prices)
Feasibility & design	£1.50	£1.36	£1.67		£1.50	£1.36
Public realm works	£6.09	£4.96	£15.57		£13.27	£10.80
Land/Rights	£0.00	£0.00	£1.15		£1.00	£0.97
BCC management cost	£0.30	£0.28	£0.49		£0.30	£0.28
Lifetime costs	£1.41	£0.93	£2.40		£1.41	£0.93
Optimism bias	£3.89	£3.08	£7.31		£7.37	£5.92
<b>Total</b>	<b>£13.19</b>	<b>£10.60</b>	<b>£28.59</b>	<b>£</b>	<b>£24.84</b>	<b>£20.24</b>

On a discounted basis, the net present cost of the proposed public sector investment under Option 3 is estimated to be £22.2 million (2019 prices). This compares to £10.6 million under Option 2 and £20.2 million under Option 4.

## 4.5 Economic impacts

### 4.5.1 Introduction

The project and the alternative options will provide a range of economic impacts, together with environmental and social benefits, identified below. The assumptions made in calculating impacts and benefits in are set out below, along with the profile of impacts and benefits.

#### 4.5.2 Public realm and infrastructure

The area of new public realm that will be created or enhanced under each option above the baseline scheme is set out in Table 4.4. In each case it is expected that this would be available for public use by 2026.

Table 4.4: Public realm (Ha)	
	Ha of public realm
Option 2 - Curzon Promenade and Curzon Square	0.81
Option 3 - Paternoster (Medium corner chamfer), Curzon Promenade and Curzon Square	0.99
Option 4 - Paternoster (large corner chamfer), Curzon Promenade and Curzon Square	1.4

#### 4.5.3 Operational jobs

As discussed in Section 4.2 above, the public realm enhancement projects are expected to have a range of impacts on development proposals for adjacent sites. The assessment has focused on proposals for the following areas within the Enterprise Zone:

- **Masshouse** – focused on land formerly proposed for the reprovion of the Magistrates Court, alongside a small plot fronting onto the Curzon Promenade area which is identified for retail uses. Indicative proposals are outlined for a baseline scheme (informed by projections set out within the Birmingham City Council Enterprise Zone monitoring tool) comprising of 250 residential units alongside 1,300 sq m of commercial floorspace;
- **Martineau Square** – proposals for this strategic site are being developed by Hammersons. Based on historic proposals, the scheme could provide almost 94,000 sq m of commercial floorspace (including office, retail and leisure accommodation) alongside 608 residential units;
- **Paternoster** – reflecting its proximity to the HS2 terminal, the site has been identified as a target for hotel development. A baseline projection of 30,000 sq m of has been identified. HS2 has identified the western portion of the site as a major commercialization opportunity, with proposals for 40,000 sq m of office accommodation emerging. Option 3 has the potential to align directly with this scheme since it would create the context for a major office-led development, which it is assumed would be offset by a reduction in the level of new hotel provision (to 20,000 sq m). The office scheme could not be accommodated under the large corner chamfer option.;
- **Typhoo Wharf** – located in Digbeth, potential capacity has been identified for 70,000 sq m of commercial space and 535 residential units to be provided through the delivery of new and refurbished premises.

The interdependent benefits arising from public realm investment relate to reduced vacancy, enhanced values, increased intensity and pace of development, alongside a shift to higher value uses. The evidence review indicates that these impacts can be significant. However, reflecting the scope of the works proposed, Table 4.5 details the effect on adjacent development sites attributed to the enhancement works.

Enhancement works would also be expected to result in positive impacts for existing premises. However, as indicated within Table 4.5, the impact on existing premises has not been assessed at this stage. The assumptions used are considered to be conservative compared with those identified in previous studies (see Section 3.3). For example, in the case of the Place du Marche Saint Honore in Paris retail values increased by 166% and residential values by 53%. In addition, the earlier work by GVA identified forecast commercial rental growth in the Curzon area due to the enhanced public realm of 20.3%.

<b>Table 4.5: Public realm impact</b>		
	<b>Paternoster</b>	<b>Other Sites</b>
<b>(i) Development Sites</b>		
Vacancy rates	Reduce assumed vacancy rates by 5.0%	Reduce assumed vacancy rates by 2.5%
Values	Increase rents by 5.0%	For sites with direct sight line, increase rents by 2.5%
Intensity of development	Increase density of development by 2.5% above baseline	Increase density of development by 2.5%
Pace of development	Accelerate delivery by 1 year over baseline	Accelerate delivery by 1 year over baseline
Type of use	No change assumed	No change assumed
<b>(ii) Existing premises</b>		
Vacancy rates	No impact – as existing stock redeveloped/refurbished over time	No impact assumed

Table 4.6 provides an estimate of the gross full time equivalent (FTE) jobs attributable to the enhanced public realm works once the scheme is fully developed, which arise through the reduced vacancy rates and increased density of development.

<b>Table 4.6: Gross marginal jobs (FTE)</b>	
	<b>Gross Jobs (FTE)</b>
Option 2 - Curzon Promenade and Curzon Square	293
Option 3 - Paternoster (medium corner chamfer), Curzon Promenade and Curzon Square	3,099
Option 4 - Paternoster (large corner chamfer), Curzon Promenade and Curzon Square	480

The profile of jobs under each option is set out in Table 4.7.

**Table 4.7: Gross marginal jobs profile**

	Option 2	Option 3	Option 4
Office	261	3,109	417
Industrial	0	3	3
Retail	30	40	40
Leisure	3	7	7
Hotel	0	-60	14
<b>Total</b>	<b>293</b>	<b>3,099</b>	<b>480</b>

As outlined in Table 4.7, it is anticipated that Option 3 would result in a marginal reduction in hotel employment relative to the do nothing scenario (Option 1). However, the gain in office based employment significantly exceeds this loss.

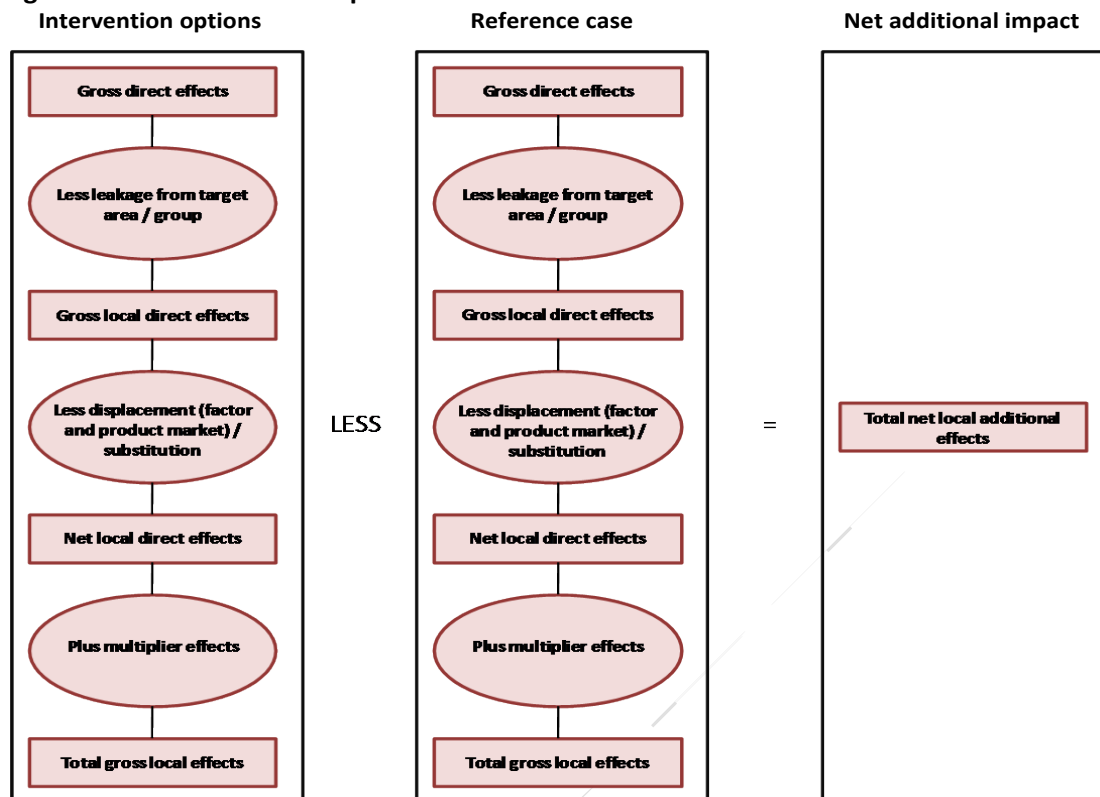
As well as the gross benefits, the net additional impact of the intervention options has also been assessed – that is the extent to which activity takes place at all, on a larger scale, earlier or within a specific designated area or target group as a result of the intervention. In order to assess the additionality of the proposals, the following factors need to be considered:

- **leakage** – the proportion of outputs that benefit those outside of the target area;
- **displacement** – the proportion of the proposed development's outputs accounted for by reduced outputs elsewhere in the target area. Displacement may occur in both the factor and product markets;
- **multiplier effects** – further economic activity associated with additional local income and local supplier purchases; and
- **deadweight** – outputs which would have occurred without the proposed development.

The approach to assessing the net additional impact of each option, taking into account the above adjustments, is shown diagrammatically in Figure 4.1. The assessment of additionality in terms of economic impacts has been undertaken at the GBSLEP level, having been based upon the market assessment and best practice guidance, in order to inform local decision makers about the scale of additional effects in the region. The subsequent economic benefits analysis (see Section 4.6) assesses additionality at the national level, in line with Departmental guidance.



Figure 4.1: Net additional impact



The following assumptions have been applied:

- **leakage** – a leakage rate has been applied at the GBSLEP level, based on commuting data derived from the 2011 Census. While many of the jobs created will be in higher value sectors, there will also be a number of employment opportunities provided in business support, retail and leisure sectors, which are likely to be relatively accessible to local residents. Overall, the leakage rate is estimated to be 15%;
- **displacement** – although it is inevitable that the project will compete with other developments and existing business locations within Birmingham, the proposals will also attract new investment and economic activity to the area, helping to stimulate growth within the economy and increase the competitiveness of indigenous businesses. Displacement rates of 50% have been applied to all uses;
- **multiplier** – alongside directly supporting employment creation, the proposed development will also lead to additional job opportunities through supply chain expenditure (indirect effects) and induced effects through employee spend on goods and services within the region. In order to take into account both the indirect and induced multiplier effects associated with the scheme, reference has been made to benchmarks outlined within additionality guidance. A composite employment multiplier of 1.46 has been applied reflecting the scale of the proposed development; and

- **deadweight** – deadweight has been calculated through the assessment of the Business as Usual (do nothing) option. The outcomes under this scenario have been deducted from the assessment of the gross marginal effects outlined in Tables 4.6 and 4.7.

Table 4.8 sets out the net additional employment impact associated with the proposed scheme. It is estimated that the Curzon enhanced public realm scheme would result in the creation of almost 1,923 net additional FTE jobs. This is largely attributable to the effect of the proposed works in unlocking the delivery of significant HS2 commercialisation opportunities. These opportunities would not be realised under the alternative options and the impacts are projected to be significantly lower.

Table 4.8: Net additional operational jobs (FTE)	
	Net additional Jobs (FTE)
Option 2 - Curzon Promenade and Curzon Square	182
Option 3 - Paternoster (medium corner chamfer), Curzon Promenade and Curzon Square	1,923
Option 4 - Paternoster (large corner chamfer), Curzon Promenade and Curzon Square	298

#### 4.5.4 Gross Value Added

The GVA generated as a result of the additional permanent jobs created under each of the intervention options has been estimated as part of the economic appraisal. The assessment of net additional GVA reflects the following assumptions:

- the net additional job estimates have been adjusted to no longer account for leakage, as GVA is a work-placed based measure; and
- an average GVA per FTE figure for the Birmingham for each sector has been applied to the adjusted estimates of net additional employment based on data derived from Experian local economic forecasts.

Table 4.9 sets out the annual net additional GVA impact once the proposed scheme is complete for each option. In total some £164.8 million per annum is forecast to be generated. The impacts under Options 2 and 4 are expected to be substantially lower at £14.8 million and £25.0 million respectively.

Table 4.9: Net additional GVA (£m, 2019 prices)*	
	GVA
Option 2 - Curzon Promenade and Curzon Square	£14.82
Option 3 - Paternoster (medium corner chamfer), Curzon Promenade and Curzon Square	£164.79
Option 4 - Paternoster (large corner chamfer), Curzon Promenade and Curzon Square	£23.97

\*Per annum once development complete

Allowing for the persistence of benefits over a period of five years (assuming a decay to zero over this period), the cumulative net additional discounted GVA impact associated with Option 3 is estimated at £407 million. An impact of £42 million and £67 million is estimated for Options 2 and 4 respectively.

## 4.6 Economic benefits

### 4.6.1 Land value uplift

The benefits of the recommended preferred scheme have been assessed in line with the MHCLG Appraisal Guide, which identifies that the value to society of a given intervention can be separated into two elements: the private benefit associated with the change in land use and the net external impact of the resulting development.

In terms of the private economic benefit, land value uplift is MHCLG's recommended approach to valuing the benefit of development. The methodology applied within this Business Case has therefore involved calculating land value uplift estimates for each option, based on the option specific development appraisal. The indicative appraisals identify a residual land value for the identified development proposals under each option. The appraisal has focus on the marginal uplift under the intervention options.

The land value uplift (present value in constant 2019 prices) associated with each option is set out in Table 4.10.

Table 4.10: Land value uplift (£m, 2019 prices, discounted)	
	Land value uplift
Option 2 - Curzon Promenade and Curzon Square	£6.30
Option 3 - Paternoster (medium corner chamfer), Curzon Promenade and Curzon Square	£26.37
Option 4 - Paternoster (large corner chamfer), Curzon Promenade and Curzon Square	£10.56

### 4.6.2 Externalities

#### (i) Amenity benefits

In addition to the private benefits, there are external impacts that are likely to be associated with the enhanced public realm. For example, the MHCLG Appraisal Guide identifies amenity cost/benefit values across different 'greenspace' land types, with £109,138 per hectare per annum for "Urban Core" projects (£120,809 in 2019 prices). The development of the Curzon Enhanced Public Realm Project will result in the reuse of up to 1 ha of brownfield land for high quality public realm under Options 3 and 4, with 0.8 ha enhanced under Option 2.

The estimated amenity benefit using the MHCLG Appraisal Guide value of each option is set out in Table 4.11.

**Table 4.11: Amenity benefits (2019 prices, £m, discounted)**

	Amenity Benefits
Option 2 - Curzon Promenade and Curzon Square	£1.28
Option 3 - Paternoster (medium corner chamfer), Curzon Promenade and Curzon Square	£1.56
Option 4 - Paternoster (large corner chamfer), Curzon Promenade and Curzon Square	£1.56

**(ii) Distributional benefits**

The Curzon scheme is seeking to help rebalance activity from London and the South East to Birmingham and the West Midlands. As such it has a clear focus is on redistributing growth. Consequently, local authority level distributional weights have been applied to the benefits. The approach used to calculate these is that set out in the HM Treasury Green Book, based on equivalised disposable household income and welfare weights (the estimate of the marginal utility of income). A distributional weight of 1.4 has been applied for Birmingham.

The distributional benefits associated with Option 3 are estimated to be £11.2 million (discounted), as set out in Table 4.12. The effects under Options 2 and 4 are estimated to be £3.0 million and £4.9 million respectively.

**Table 4.12: Distributional benefits (2018 prices, £m, discounted)**

	Distributional Benefits
Option 2 - Curzon Promenade and Curzon Square	£3.03
Option 3 - Paternoster (medium corner chamfer), Curzon Promenade and Curzon Square	£11.17
Option 4 - Paternoster (large corner chamfer), Curzon Promenade and Curzon Square	£4.85

**(iii) Overall external benefits**

The monetised net external impact for the proposed intervention option, based on the benefits described above, is summarised in Table 4.13.

**Table 4.13: Net external impact (discounted, £m)**

	Option 2	Option 3	Option 4
Amenity benefit	£1.28	£1.56	£1.56
Distributional benefits	£3.03	£11.17	£4.85
<b>Total net external impact</b>	<b>£4.31</b>	<b>£12.73</b>	<b>£6.41</b>

## 4.7 Value for money

Table 4.14 brings together the costs and benefits of the short-listed intervention options and provides an overall indication of value for money in terms of the BCR and Net Present Social Value (NPSV). The Curzon enhanced public realm scheme proposed under Option 3 achieves an adjusted BCR of 1.26:1 if distributional benefits are excluded, which represents acceptable value for money, and 1.76:1, which is acceptable/good value for money, if they are included.

<b>Table 4.14: Costs and benefits (discounted, £m)</b>			
	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>
Present Value Costs (including OB)	£10.60	£22.24	£20.24
Present Value Benefits			
<i>Land value uplift</i>	<i>£6.30</i>	<i>£26.37</i>	<i>£10.56</i>
<i>Amenity benefit</i>	<i>£1.28</i>	<i>£1.56</i>	<i>£1.56</i>
<i>Distributional benefits</i>	<i>£3.03</i>	<i>£11.17</i>	<i>£4.85</i>
Total benefits	£10.61	£39.10	£16.96
Net Present Social Value (NPSV)	£0.01	£16.86	-£3.28
BCR (incl distributional impacts)	1.00	1.76	0.84
BCR (excl distributional impacts)	0.71	1.26	0.60

Cost per net additional job and per net additional housing unit ratios have been calculated – with costs, as with benefits, discounted at a rate of 3.5% per annum. BCRs have also been calculated, on the basis of the cumulative GVA impact under each option. In determining the cost effectiveness ratios and BCRs, the public sector cost has been attributed between economic (jobs and GVA) and housing outcomes.

As shown in Table 4.15, the attributed net public sector cost per net additional job of £11,568 under Option 3 is below benchmarks, such as the Homes and Communities Agency (HCA) cost per job benchmark (the mid-point figure being £39,850)<sup>4</sup>. In addition, the BCR based on cumulative GVA is superior to benchmarks for physical regeneration projects – DCLG's Valuing the Benefits of Regeneration economics paper identified a central benchmark for industrial and commercial property projects of 10:1. However, the cost per housing unit is high, reflecting the marginal effect on development intensity.

4 HCA, Calculating Cost per Job – Best Practice Note (2015, 3<sup>rd</sup> Edition)

Table 4.15 Costs, benefits and cost effectiveness			
	Option 2	Option 3	Option 4
<b>Attributed total public sector economic costs (adjusted for optimism bias, £m)*</b>			
Discounted marginal public sector cost	£10.60	£22.24	£20.24
<b>Benefits</b>			
Net additional attributable jobs	182	1,923	298
Net additional attributable cumulative (5 years) GVA (£m)	£41.97	£407.10	£67.49
Net additional attributable housing units	21	35	35
<b>Cost effectiveness (attributed)</b>			
Cost per net additional job	£58,233	£11,568	£67,941
BCR (GVA:economic cost)	3.96	18.30	3.33
Cost per net additional housing unit	£493,932	£638,731	£581,366

\*The total public sector cost has been attributed between economic (jobs and GVA) and housing outcomes.

## 4.8 Risks and sensitivities

### 4.8.1 Risk analysis

A risk register has been developed that identifies the key risks associated with the proposed scheme and is attached as Appendix D. This will be refined in the FBC, which will include further detail on how the risks will be allocated between all parties. The overall level of risk at this stage is considered to be low-medium for all options taking account of relevant mitigation measures and is assessed to be lowest for Option 2 and highest for Option 4.

### 4.8.2 Sensitivity analysis

To test the sensitivity of the value for money results to changes in key variables, an analysis of 'switching values' has been carried out. This analysis calculates how much public sector costs or benefits would have to change in order for the intervention option's BCR to be less than one (i.e. is considered to represent "poor" value for money). Table 4.16 presents the results of a change in the net additional benefits.

The Curzon enhanced public realm scheme proposed under Option 3 would require costs to increase by some 76% or benefits to reduce by around 43% for its BCR to be less than one. There is very limited scope for a reduction in benefits or an increase in costs under Option 2, based on the central case BCR of one. The assessment has not been carried out for Option 4 as the central case is assessed as representing poor value for money.

Table 4.16: Switching values (adjusted BCR less than one)			
	Option 2	Option 3	Option 4
% change in net additional benefits	-0.1%	-43.1%	N/A
% change in net cost	0.1%	75.8%	N/A

In addition to the analysis of switching values, alternative scenarios have also been modelled to test the sensitivity of the BCR results to a change in a key variable. The key variables adjusted were as follows:

- **Scenario 1** – reduce the impact of the public realm enhancement works in relation to value uplift, reduced vacancy rates and intensity of development (as outlined in Table 4.5) by 50%; and
- **Scenario 2** – increase costs by adjusting optimism bias to 60% to reflect guidance for non-standard civil engineering projections.

The results of the scenario testing are set out in Table 4.17. Under each of the scenario tests, the preferred option (Option 3) has a BCR that is greater than one and therefore still represents value for money.

Table 4.17: Scenario testing (adjusted BCR inclusive of distributional benefits)			
	Option 2	Option 3	Option 4
Scenario 1	0.64	1.37	0.51
Scenario 2	0.75	1.30	0.62

## 4.9 Wider benefits

The development of the Curzon enhance public realm scheme is also expected to result in substantial wider unquantifiable economic benefits that are not captured in the preceding analysis, including:

- **Active travel mode effects** - the Department for Transport (DfT) recognises the important benefits that can be derived from projects such as the Curzon Enhanced Public Realm project that promote active travel, including walking and cycling. It provides guidance on estimating and reporting the impact of active travel modes outlined in the Transport Analysis Guidance (TAG) A5.1 paper. The TAG Unit identifies the key impacts of interventions of active modes of transports as comprising:
  - Physical activity impacts – which “monetise the change in mortality resulting from a change in walkers and cyclists”;
  - Absenteeism impacts - improvements in health caused by increased physical activity can lead to reduction in short term absenteeism from work;
  - Journey quality impacts – include “the majority of concerns about safety, infrastructure and environmental conditions on a route”;



- Accident impacts – show the changes in the pattern usage of different types of infrastructure by different modes of transport and the accident rates associated with each method;
- Environmental impacts – through the reduction in vehicle traffic and the externalities of these transport methods. The environment impact will encompass the noise, air pollution and greenhouse gas emissions of each transport method;
- Decongestion and indirect tax impacts – switching the mode of transport from car or vehicle to walking and cycling “will benefit those who continue to use the highways and impact on indirect tax revenues”; and
- Time saving impacts on active mode users – an increased demand for walking and cycling due to improvements in infrastructure and facilities may “result in time savings to pedestrians and cyclists through the provision of quicker or shorter routes”.

These impacts can be significant. However, due to lack of information, this paper has not been able to conduct an accurate TAG appraisal or quantify these benefits for the proposed development.

- **Agglomeration effects** – A consistent feature of modern economies is the concentration of economic activity in certain locations, most often cities or urban areas. Urban economists explain such phenomena by reference to features known as ‘localisation’ and ‘urbanisation’ economies both of which relate to the underlying proximity of economic activity. Localisation economies result from the geographic concentration of businesses in the same industry. Firms cluster together for a number of reasons all of which improve efficiency and productivity. In particular clustering:
  - allows businesses to specialise;
  - facilitates more proximate supplier linkage;
  - facilitates R&D, information and technology transfer and spillovers; and
  - reduces risk for both employers and employees by developing specialist labour pools.

Urbanisation economies results from the concentration of a large number of economic activities that are not necessarily in the same industry but emerge to serve several different industries. These result from:

- urban transport systems;
- well organised labour markets;
- legal, financial and commercial services;
- services to support and sustain large population concentrations; and
- public infrastructure.

Together, these economies are often labelled agglomeration economies and are measured in terms of a productivity ‘gain’ to firms in the urban area in the form of agglomeration

elasticities – the percentage change in area productivity given a percentage change in agglomeration.

The scale and nature of activity proposed at Curzon, along with the infrastructure links that will be created to adjacent development sites that also have substantial expansion plans, is expected to result in significant agglomeration economies. While the agglomeration impact to new firms locating to the Curzon area will be captured within the land value uplift, this will not account for the impacts which affect existing firms or individuals in the area. These effects have not been assessed.

- **Wage premium** – The proposed package of interventions is expected to help attract high value added activities to locate in the area, which will help to improve productivity. The Department for Business, Energy and Industrial Strategy (BEIS) uses a wage premium approach to monetise productivity improvements from the movement of labour into more productive sectors. However, the potential wage premium impact of the proposed project has not been assessed.
- **Impact on existing values** – the enhanced public realm is also expected to have a positive impact on the values of existing properties. The HM Treasury Green Book recognises these amenity benefits and states that, *“For example, analysis of house prices suggests that proximity to habitats, designated areas, heritage sites, domestic gardens and other natural amenities can add as much as £68,000 to the price of a £200,000 house in the UK, a premium of one-third.”* Again, these effects have not been quantified in the preceding analyses.
- **Construction and supply chain impacts** – the enhanced public realm works and additional development will also result in significant benefits to the construction sector. For example, based on estimated construction costs of £18.8 million and using the now Homes England *Calculating Cost Per Job | Best Practice Note 2015 (3rd Edition)* coefficient of output per person year of construction employment, the enhanced public realm works would be expected to support some 261 person years of employment.
- **Regeneration benefits** – the development would contribute strongly to the continued regeneration of the City Centre. It would complement the proposals for Digbeth and help to realise the substantial potential benefits of the arrival of the HS2 at Curzon. The scheme would also help unlock the wider Southern Gateway which currently comprises 68 ha of low-grade industrial uses and derelict land that is isolated from the City Centre. The scheme will provide a catalyst for this area by improving connectivity and other factors.

In addition, there are relatively high levels of deprivation within parts of Birmingham. The proposed development will support the regeneration of these neighbourhoods and the wider area. For instance, the development of new commercial floor space will lead to employment opportunities for local residents, offer opportunities for existing small businesses and attracting additional investment to the local economy. Creating a quality, mixed use environment within the local area will not only generate economic benefits but also improve the civic pride, confidence and well-being of the area’s local residents. Moreover, the public realm provided through the proposed development will be accessible to all, offering a considerable amenity benefit for the local population and a place for social

interaction and participation. The scheme will have a positive effect on the appearance of the urban fabric and create a distinct sense of place and character.

- **Community, health and wellbeing benefits** – the scheme will also have significant positive impacts through providing new safe accessible living, working, and leisure environment. It is considered that the proposals would make a valuable contribution towards the socio-economic well-being of the City and the local population as a result of:
  - increased open space area; and
  - improved public accessibility linkages;
- **Image** – much of the current site is relatively poor in its environmental and built environment quality. The scheme is designed to integrate proposed uses in to the City Centre. Furthermore, the pedestrian-friendly open streets, public realm and new squares and the associated landscaping are designed in a way that creates places that will further enhance the image of the area.
- **Tourism benefits** - the scheme is likely to bring about a number of tourism benefits, given that it will aim to attract additional day and overnight visitors and raise the profile of Birmingham City Centre's overall tourism offer.
- **Labour supply** - labour shortages can constrain the development of an economy because individuals with the necessary skills are not available. The provision of the appropriate type of housing in the right location can help to attract new residents, thereby potentially increasing the pool of skilled labour. The effect of the proposed housing development on labour supply can be a key component of its economic impact. The scale of impact will depend on the extent to which employment growth is being constrained by a lack of suitable housing. This will depend in turn on economic conditions, but local housing analyses suggest a general requirement for an increase in housing to support economic growth.

The scheme will also contribute substantial social and environmental benefits.

## 4.10 Key findings

The key results identifying VfM of the Economic Case are summarised in the Appraisal Summary Table (Table 4.17). In line with the MHCLG Guide, an initial BCR has been calculated that only includes impacts for which a monetised value can be applied based on Green Book and Green Book Supplementary and Departmental guidance.<sup>5</sup> An adjusted BCR has also been presented, which incorporates other impacts (e.g. distributional benefits). The initial BCR is 1.26:1 which represents acceptable value for money (i.e.  $1 \leq \text{BCR} < 2$ ). Allowing for distributional effects, the BCR increases to 1.76:1.

<sup>5</sup> Amenity benefits are included in the initial assessment in accordance with DCLG appraisal guidance

Table 4.17: Appraisal Summary Table (£m)				
		Option 2	Option 3	Option 4
A	Present Value Benefits – based on Green Book principles and Green Book Supplementary and Departmental guidance	£7.58	£27.93	£12.12
B	Present Value Costs / (Surplus)	£10.60	£22.24	£20.24
C	Present Value of other quantified impacts	£3.03	£11.17	£4.85
D	Net Present Public Value A-B & [A-B+C]	-3.02 [0.01]	5.69 [16.86]	-8.13 [-3.28]
E	'Initial' Benefit-Cost Ratio [A/B]	0.71	1.26	0.60
F	'Adjusted' Benefit-Cost Ratio [A+C]/B]	1.00	1.76	0.84
G	Significant Non-monetised impacts	<b>Active travel mode, Agglomeration, Wage premium, Amenities, Regeneration benefits, image benefits, community health and wellbeing, tourism benefits and labour supply.</b> The benefits are expected to be greatest under Option 3, reflecting the scale of intervention and associated transformation achieved.		
H	Value for Money (VfM) Category	Poor/Acceptable	Acceptable/Acceptable	Poor
I	Switching Values and rationale for VfM category	Benefits: -0.1% Costs: 0.1%	Benefits: -43.1% Costs: 75.8%	N/A

An assessment has also been undertaken of the costs and benefits and relative value for money of each option at the sub-regional level. This has been based on the net additional impact of the Curzon enhanced public realm scheme in terms of attributable jobs, GVA and housing (as set out above), reflecting the local strategic objectives for the scheme.

As shown in Table 4.18, the attributed net public sector cost per net additional job (£11,568) under Option 3 is below benchmarks, such as the Homes and Communities Agency (HCA) cost per job benchmark (the mid-point figure being £39,850). In addition, the BCR based on cumulative GVA is superior to benchmarks for physical regeneration projects.

Table 4.18 Costs, benefits and cost effectiveness			
	Option 2	Option 3	Option 4
Cost per net additional job	£58,233	£11,568	£67,941
BCR (GVA:economic cost)	3.96	18.30	3.33
Cost per net additional housing unit	£493,932	£638,731	£581,366

\*The total public sector cost has been attributed between economic (jobs and GVA) and housing outcomes.

## 4.11 Recommended option

The key findings of the economic analysis are that the recommended preferred Curzon enhanced public realm scheme proposed under Option 3 would offer acceptable value for money on a BCR basis. It would compare favourably with traditional unit cost and GVA value for money benchmarks. In addition, it would also deliver substantial wider benefits.

## 5 Commercial case

### 5.1 Introduction

This section considers the Commercial Case for the proposed scheme including procurement of the proposed private sector partners and the outline transaction.

### 5.2 Procurement strategy

#### 5.2.1 *Procurement route and process*

The proposed works and services will be procured through HS2 Ltd. As a publicly funded organisation, HS2 Ltd is bound by EU Procurement Directives and associated UK legislation as set out in the HS2 Supplier Guide. It has established a tiered procurement structure for all aspects of HS2 requirements comprising:

- Tier 1 – HS2 Ltd will procure a relatively small number of high-value, direct, contracts through the Bravo e-procurement portal <https://hs2.bravosolution.co.uk>. Where these exceed the EU Utility Contract Directive spending thresholds (currently £363,424 for Supply, Services and Design Contracts, and £4,551,413 for Works Contracts), it is required to advertise the contract opportunities in the Official Journal of the European Union (OJEU); and
- Tiers 2–5 – Tier 1 contractors will purchase sub-contract works, supplies, and services at various levels through the CompeteFor e-procurement portal ([www.competefor.com](http://www.competefor.com)), advertising all appropriate opportunities on the website, in order to provide opportunities for organisations of all sizes to tender. HS2 Ltd indicates that these opportunities are not subject to public procurement legislation.

In addition to these categories, HS2 will have various requirements for the day-to-day management and running of its business resulting in more numerous, lower value, opportunities that may be procured via existing public sector frameworks.

Within this procurement structure, HS2 Ltd is intending to procure the baseline Curzon public realm works within the overall package of contracts for Curzon Street Station, for which designs were unveiled in October 2018. It is proposed that the enhanced Curzon public realm works will be incorporated into this process, with procurement being run by HS2 Ltd with engagement between HS2 Ltd and Birmingham CC on the following basis:

- HS2 Ltd will engage with Birmingham CC to agree the description of the scope of works;
- the scope of works will be subject to HS2 estimating principles and cost estimates;
- HS2 Ltd will undertake procurement, including tender evaluation, as part of a single-stage Main Works Civils Contract (MWSC) based on its cost estimates and the appointment of a main contractor; and

- If the selected tender price for the enhanced public realm works exceeds the identified funding available, HS2 Ltd will engage with Birmingham CC with an intention to negotiate a revised scope.

Further work is ongoing to agree and finalise the procurement and contractual arrangements and these will be reported within the FBC.

### 5.3 Land and other rights

The current land ownership position is that the land in relation to Curzon Promenade and Square is either owned by BCC or HS2 Ltd. The position is similar in relation to Paternoster Place, with the exception of the area above the rail lines. In relation to these rights will need to be agreed with Network Rail. Discussions are underway to negotiate these and will be reported as part of the FBC update.

### 5.4 Delivery structure

The proposed delivery structure is as follows:

- BCC project management and governance arrangements (described further in Section 6.1 – 6.2), which comprises internal arrangements to control the design and delivery of the proposed scheme; and
- HS2 Ltd will be a key stakeholder/partner in delivering the project. The arrangements will be formalised by means of a legal agreement the details of which will be reported in the FBC update.

BCC and HS2 Ltd have agreed a Delivery Funding Agreement: Negotiation Agreement (copy attached at Appendix G), which will involve the Negotiation Team (comprising BCC and HS2 Ltd):

- work collaboratively to draft a legally binding arrangement to deliver enhanced public realm as per the agreed scope at HS2 Birmingham Curzon St Station, within HS2 programme;
- sign the bespoke delivery agreement prior to HS2 procurement and schedule 17 submission, in accordance with the Timeline;
- identify, discuss and agree all issues that need to be addressed in the Delivery Agreement within the agreed Negotiation Timeline;
- agree commercial model(s) associated with the funding, D&B, land occupation, BCC obligations, Operational and Maintenance costs, for inclusion in the Delivery Agreement, including the means by which HS2 will recover its costs for inclusion of the Enhanced Public Realm Scope in the Main Stations Contract;
- discuss and agree Risk allocation;
- ensure appropriate representation at negotiation meetings by the Core Team members and the Negotiation Support Group members as appropriate;
- agree the notes and actions associated with each negotiation meeting.

- report negotiation progress to the parties' wider organisations as required;
- resolve issues that arise and ensure disputes are resolved in line with the agreed Escalation Process; and
- ensure compliance with HS2 Ltd and BCC internal process and procedures.

Appendix F (Part 1 and 2) sets out the strategy and interdependencies for how HS2 and BCC will develop the Third Party Funding Agreement (TPA), the FBC, including the main works cost and the approach to change management and cost overruns. Following OBC approval the TPA will be developed to confirm the conditional funding allocation from the GBSLEP EZ based on the DAL 5 design along with the key principles surrounding costs and risks. Following the procurement of the main works contractor, the FBC will be defined with the agreed price and the TPA updated accordingly. These will be presented in the FBC.

## 5.5 Legal implications

The scheme will be subject to legal requirements, including:

- Overbridging and other rights – BCC is expected to need to enter into suitable agreements with Network Rail involving various legal aspects;
- Contractor agreement - a legal agreement will be required with the contractor which is expected to be under HS2 Ltd's contracting arrangements; and
- Maintenance – arrangements to ensure the long-term maintenance of the enhanced public realm created will be the responsibility of BCC.

In relation to State aid, it is anticipated that the scheme will provide a 'no aid' position based on the delivery of a scheme providing public goods which will not benefit selective undertakings or distort or threaten to distort competition. In addition, it can be considered to be non-economic in relation to the Commission's guidance on the notion of State aid. As such there are not expected to be State aid issues.

In addition to GBSLEP approval of financial resources, BCC approval will be required to manage the project and meet future maintenance costs. HS2 Ltd consent will be required in relation to the base works and enhancements.

## 5.6 Assets

BCC will own the enhanced public realm and be responsible for any liabilities not covered by other contractual provisions, such as warranties provided by the contractor.



## 6 Financial case

### 6.1 Introduction

This section considers the Financial Case for the proposed scheme, in particular in respect of costs and funding requirements.

### 6.2 Budget summary

#### 6.2.1 *Proposed capital costs*

##### (i) Overview

The estimated costs of the project are summarised below and in the profile attached as Appendix E. At this stage, these remain indicative and are subject to ongoing review and will be defined in the FBC following tendering once actual prices are known and the large allowances included are confirmed. All of the costs are presented in current (outturn) prices.

##### (ii) Feasibility, Design and business case fees

To date some £1.445 million in Enterprise Zone funding has been approved to fund the HS2 design team costs in relation to the Curzon Enhanced Public Realm project and to produce the OBC. It has been identified that an approval for further fees of £222,764 up to March 2020 are required to produce the FBC and other activity including incorporating the works within the Station Design and Build procurement, developing the funding agreement and associated project management. The costs required to develop the FBC have already been identified based on current prices and reflect pay awards etc.

##### (iii) Public realm works and associated costs

The overall costs of the provision of the enhanced public realm have been estimated by HS2 Ltd's advisors (January 2019) to total some £22.885m as set out in Table 6.1 and within Appendix I. The table reflects the estimated gross costs at outturn prices of the public realm works, together with design and HS2 fees. There are a number of anticipated and potential costs that are not reflected in the current estimate including rights acquisition, site investigations and surveys (including environmental), abnormals (e.g. asbestos), other fees including legal and planning/building control, cost of necessary agreements (e.g. 'party wall' issues), and unrestricted site access. These items remain to be clarified. A copy of WSP's Design report is provided separately as Appendix H.

Clarification of the proposed timing of proposed expenditure has also yet to be provided, but indicative costs of £5.6m (25%) in 2023/24, £11.5m (50%) in 2024/25, and £5.8m (25%) in 2025/26 following the profile established for the economic assessment (Section 4).

The cost estimates provided by HS2's advisors have been independently reviewed by Acivico on behalf of BCC. Its conclusion in relation to the estimated construction costs is that the allowance for the scheme appears high and should be in the order of £18.137 million, almost £5 million lower than submitted. The approach taken in estimating costs has been at the highest

end of the spectrum of values to ensure there is sufficient contingency within the OBC. Following procurement it's anticipated the actual prices within the final contract will be lower. A copy of Acivico's report is included separately as Appendix I, which includes HS2 cost estimates in the Appendices. At this stage, HS2 has not revised its budget estimate due to the fact that the costs reflect WSP's costs for material throughout the station design. It's not possible for HS2 to agree different costs for materials in the BCC areas, which will be the same materials used in other areas of the station. The proposed approach is to establish the actual cost and funding requirement following the proposed future procurement route and a review of tendered costs. Therefore, for the purposes of this assessment the HS2 advisors budget allowance has been used and the business case will be updated when the final price and programme are confirmed following procurement of the station design and build contractor. HS2 have applied a contingency of 40% to the cost of works, which is standard practice for HS2 when forecasting costs for third parties. The final cost will be determined through the procurement for the station design and build contractor, where the final price will include an appropriate level of contingency.

<b>Table 6.1: Financial Costs</b>			
<b>Cost item</b>	<b>Sub-total</b>	<b>Total</b>	<b>%</b>
Enhanced public realm works			
- Paternoster Place	£4.21m		
- Curzon Square	£0.96m		
- Curzon Promenade	£1.28m		
- Curzon Promenade – extended area	£0.80m		
- On-costs <sup>++</sup>	£11.58m	£18.832m	82.3%
Design and HS2 fees			
- Design	£0.94m		
- HS2	£3.11m	£4.053m	17.7%
<b>Total</b>		<b>£22.885m</b>	<b>100.0%</b>

<sup>++</sup> Inclusive of inflation and risk

The total station works including the enhanced public realm is estimated to be some £390 million. The Curzon Enhanced Public Realm works would account for some 6% of the total.

#### **(iv) Network Rail rights**

The Paternoster Place works involve the overbridging of an operational rail line and railway equipment. Consequently, it is anticipated that Network Rail will require payment for these rights. Discussions with Network Rail are understood to have begun. However, no estimated costs have been provided. Consequently, a figure of £1.150 million is currently included in the analysis. This will need to be updated once a more accurate cost estimate is available.

#### **(v) BCC project costs**

The BCC project costs are estimated to be:

- Commercial Legal - £30,000 per annum for 2019/20-2022/23. After this £10,000 per annum until project completion;

- Planning and Design – £15,000 per annum until project completion; and
- Project management - 50% of a GR6 officer costing £40,000 per annum up to March 2020 - the point at which Procurement finishes. A lower level of support would then be required for the period 2021-2023 to oversee the detailed design stage. Project management for the station construction programme would then be undertaken by the EZ Delivery Team, with the support of Acivico and a provisional allowance of £321,000 has been made for their fee to monitor the construction contract.

These costs have been based on an assessment of the officer time required within each discipline, based on current pay levels for 2019/20. These will be updated for the FBC to reflect any subsequent pay awards, but it's not expected to have a material impact on the costs.

#### **(vi) Revenue cost consequences – maintenance costs**

The proposed provision of public realm will lead to consequential revenue costs in relation to the maintenance of the built assets.

In respect of repair and maintenance costs, the Council intends to undertake a full range of services necessary to maintain the assets to high standards. The intention is that BCC will meet these costs, but that it will receive a contribution from HS2 equivalent to the base scheme maintenance cost that it would have incurred in the absence of the enhancement project. An initial assessment of the base and enhanced scheme maintenance costs has been undertaken by BCC.

At this stage, an indicative cost of £60,000 per annum has been identified for the enhanced public realm. This is the total estimated cost and the City Council would in reality expect HS2 to contribute the costs associated with the base scheme in these areas. Therefore, its marginal cost would be significantly lower than this. In order to ensure that the project is maintained to an appropriate standard and the benefits can be sustained over the long-term, BCC will underwrite the maintenance and other revenue costs associated with the enhanced public realm. However, it will seek to secure funding from other sources to meet these costs. This may include, but would not be limited to, income from events or licensed street vendors, the use of Community Infrastructure Levy (CIL) or Section 106 monies, and/or a potential master development partner secured through HS2's Commercialisation Strategy for Curzon, which is currently being prepared.

#### **(vii) Cost summary**

Table 6.2 summarises the estimated total cost of the Curzon Enhanced Public Realm scheme over a 30 year period.

<b>Table 6.2: Cost summary</b>	
Cost item	
<i>Capital costs</i>	
Direct feasibility and design fees to date	£1,445,512
Fees to produce FBC and associated activity (including £25,000 for Network Rail)	£222,764
Public realm works and associated costs	£22,885,000
Network Rail rights	£1,125,000
BCC project costs for design and build	£494,143
<i>Sub-total</i>	<i>£26,172,419</i>
<i>Revenue costs</i>	
Maintenance costs (over 30 years)	£2.40m
<b>Total</b>	<b>£28.59m</b>

## 6.3 Funding strategy

### 6.3.1 Sources of funding

It is intended that the capital costs of the enhanced public realm would be fully met by the public sector through the City Centre Enterprise Zone. The total Enterprise Zone funding will be a maximum of £26,172,419 million (including £1.445 million of feasibility and design funding already approved by GBSLEP). The exact figure will be confirmed following completion of the tendering process.

Without Enterprise Zone funding the project will not go ahead. There are no other sources of matched funding available. A loan would not be appropriate as there is no way in which the project could make repayments. The implications for funding are that both BCC and GBSLEP approval will be required.

£222,764 of the budget is required up to March 2020 to develop the FBC, including fees for HS2 and Network Rail and other costs including BCC project management, legal, design and procurement activity.

BCC will be responsible for the maintenance of the public realm and the associated revenue costs.

### 6.3.2 Financial management

BCC is the statutory local authority and its financial status is subject to Government oversight. It has ability to cashflow the project to bridge the gap between defrayment and receipt of Enterprise Zone funding.

Financial management of the project will be exercised within the terms of BCC's Financial Control Standards for major Projects (November 2018). These standards have been established to ensure that such projects are managed by a Project Board through a process of outline and full Business Cases, regular monitoring of delivery issues and the preparation of Project Highlight reports, and a post-implementation review, together with early warnings of potential problems, a procedure for change requests, and control over the use of contingency sums. All capital expenditure is also subject to the Council's constitution and financial procedures, including financial regulations, contract standing orders, executive decision-making, and monitoring. The project reports to the Capital Project Board, which has responsibility for the delivery of all projects above £20m and is chaired by the Leader of the Council. The membership also includes the Chief Executive, S151 Officer and Cabinet Member for Resources.

Following OBC approval, BCC and HS2 will develop a funding agreement that will set out the key principles for the responsibility and management for how costs will be agreed, including departures, changes and overruns. Appendix F (Part 1 and 2) sets out the current thinking around this issue and how it will be progressed in the coming months to develop the FBC.

HS2 Ltd has indicated that it requires payment in advance of the works being undertaken.

### 6.3.3 *Business Rates*

It is estimated that future development schemes situated adjacent to the enhancement works and benefiting from the enhanced environment will generate a total business rates income of £208 million over the remaining life of the Enterprise Zone designation (2018/19 constant prices). It is estimated that an uplift of £56.3 million could be attributable to the enhancement works as a result of enabling key commercialisation investments, while securing improvements in values, occupancy and intensity of development.

### 6.3.4 *Assurance*

BCC will ensure that project assurance is in place to provide independent and impartial confirmation that the project is on track and to confirm that the project is applying relevant practices and procedures and that the business rationale for the scheme remains aligned with the organisational strategy.

## 7 Project management

### 7.1 Governance arrangements

The governance of the proposed scheme will be provided within the framework established for BCC major projects. These are expected to be managed using standard project management processes. This will vary in the circumstances of each case, but projects must comply with the Financial Approvals Framework and Gateway process in the Council's constitution. Project management processes should include:

- a Project Board, which oversees and manages the project, with terms of reference, led by a City Council Senior Responsible Owner, and with appropriate professional membership including a Finance representative and a Project Manager.
- an Outline Business Case / Options Appraisal report to Cabinet.
- a Full Business Case Report to Cabinet, using Green Book 5 case methodology.
- regular monitoring to the Project Board including:
  - a Highlight report or dashboard
  - a Project Plan, with key milestones
  - a Benefits Register
  - a Risks and Issues Register with red, amber and green (RAG) ratings, including early warning of any potential high impact risks
  - a change request and approval process
  - a log of Change Request approvals and Contingency approvals.
- a Project Closure 'lessons learned' report (Post-Implementation Review report).

The BCC Project Board will:

- provide overall guidance and direction to the project at a strategic level to ensure that it meets directorate and corporate policy priorities and remains within any specific constraints;
- review and sign off each key project stage and key product;
- authorise any major project deviation and/or change;
- ensure resources are committed to the project; and
- arbitrate on any conflicts within the project.

The Project Board for the Curzon Enhanced Public Realm project is the Enterprise Zone and Curzon Project Delivery Board, which comprises the following individuals and will oversee day to day management of the project:

1. Richard Cowell – Assistant Director, Development
2. Phil Edwards – Assistant Director, Transport Connectivity
3. John Myatt – Capital Programmes and Partnership Manager
4. James Betjemann – Head of EZ and Curzon Delivery
5. Alison Jarrett – Assistant Director, Finance
6. Nigel Greenwood – Finance Manager
7. Jane Smith – EZ Programme Manager

In addition the project will report on a monthly basis to the BCC Capital Board, which oversees the delivery of all major BCC projects and comprises of;

1. Leader - BCC
2. Cabinet Member, – BCC Finance and Resources
3. Chief Executive – BCC
4. Section 151 Officer - BCC

## 7.2 Project management

Project management will continue to be managed in accordance with BCC's methodology and will be tailored to meet corporate governance and project management policies and standards.

The BCC Project Group/Team will:

- provide guidance and direction to the project to ensure that the project remains within scope and delivers the required outputs and project benefits within the agreed budget and schedule;
- monitor the development of solutions and proposals at all stages to ensure they meet the organisation's needs and progress towards targets;
- evaluate the impact of solutions and proposals on the Council and stakeholders; and
- ensure risks are being tracked and mitigated as effectively as possible.

Key roles and responsibilities have been established as follows:

- SRO – Richard Cowell, Assistant Director, Development
- Project executive – James Betjemann, Head of EZ and Curzon Delivery
- Project Manager – Nick Matthews, Project Delivery Manager
- Technical advice – Tom Button (legal) and Charlie Short (Procurement)

The Project Manager will:

- ensure that the project produces the required products within the specified tolerances of time, cost, quality, scope, risk and benefits.



- be responsible for the project producing a result capable of achieving the benefits defined in the Business Case.
- be responsible for finalising service contracts and issuing instructions and receiving highlight reports from all service providers and team managers.
- make reports to external funders as required.
- coordinate the interface, communication and information exchange expeditiously between different teams and organisations involved in the delivery of the project.
- provide regular reports to the Project Board to keep senior management routinely informed of project status and all developments that impact on the project success.

HS2 Ltd has also established a Core Team to work with the BCC Team to deliver the agreed Enhanced Public Realm project. This Team is working with BCC to draft a legally binding arrangement to deliver the project. HS2 Ltd is establishing a Negotiation Support Group, which assist its Core Negotiating Team.

The arrangements demonstrate appropriate resourcing through internal and external sources with the appropriate skills and capacity. A Project Delivery Plan will be developed to guide implementation of the project, including timescales and milestones.

## 7.3 Achievability

### 7.3.1 Key resource requirements

The following key resources have been identified to successfully deliver the project:

- BCC – the Council is the driving force behind the scheme and will contribute strategic and technical expertise, together with financial support and land assets.
- Project development team – a team within BCC has been established to project manage feasibility and design activities, working with HS2 and its design/professional advisory team;
- Professional advisers – BCC has retained advisors to review the costs provided by HS2 Ltd and to prepare the Business Case. HS2 Ltd has procured its own team to support delivery of the wider Curzon project.

The key success factors include the effective integration of the project and BCC requirements into the work of HS2 in delivering the Curzon HS2 station and adjacent public realm.

### 7.3.2 Experience

The Council has experience of successfully supporting the delivery of a wide range of major regeneration, redevelopment and public realm projects of a similar scale and value across the City including in a City Centre context such as Arena Central, Snow Hill, Centenary Square and Axis. In all cases the City Council has provided expertise in supporting services including compulsory purchase, planning, urban design, and transportation. This experience has provided

evidence of what has worked in the past in order to provide the most appropriate context for development of the proposed project.

## 7.4 Timescales and milestones

The proposed timetable for the scheme indicated by BCC is summarised in Table 7.1 and more detail is provided in Appendix B, which includes the timelines and milestones for developing the funding agreement, main works procurement, FBC Network Rail requirements and delivery of the main works.

Table 7.1: Milestones	
Milestone	Target date
OBC submitted to GBSLEP	Feb 2019
OBC approval by the GBSLEP	July 2019
OBC approval by BCC Cabinet	September 2019
Planning application submitted	September 2019
Funding Agreement	September 2019
Design and Build contract Procurement	Jan 2020 – Jan 2021
Design and build contract award	January 2021
FBC appraisal and approval by the GBSLEP	Nov 2020 – Jan 2021
Construction of Paternoster Place	Jan 2024 – Dec 2024
Construction of Curzon Promenade and Curzon Square	Jan 2025 – Dec 2025
Project evaluation	Dec 2026

## 7.5 Risk and risk management

An assessment of risk has been undertaken to inform the OBC. The key items of potential risks that may impact on successful delivery include:

- delivery of HS2;
- agreement with Network Rail;
- costs – including confirming HS2 legal and other fees;
- planning consent;
- confirmation of funding - significant public is required, and in-principle indication of funding will need to be committed to enable procurement of the works;
- public realm works delivery;

- ground conditions;
- wider risks – wider potential risks exist in terms of the political, economic, social, and technical environment.

With regard to post-development stages, key risk relates to the ongoing effective maintenance of the enhanced public realm and the wider public realm

It is considered that the overall level of risk of the proposals may be considered to be low-medium. Further detail is provided in the Risk Register attached as Appendix D. As the FBC is developed the risk register will be updated accordingly and appropriate arrangements will be implemented to ensure that risks are held by delivery bodies through clearly articulated risk transfer arrangements. In each instance risks will be assigned to the organisation best able to manage them. In cases where works are procured through external bodies, both procurement documents and the final contract will clearly set out responsibilities for risk management, and the associated cost implications, and will transfer operational risks accordingly with delivery of those elements of the works package.

Following procurement and confirmation of the final costs, HS2 and BCC will agree the final costs in line with the risk strategy and programme identified by the contractor. The approach will include fixing costs where possible and identifying how change events and associated cost implications will be managed and who will be responsible.

As part of internal project management procedures, all risks will also be assigned an owner to ensure transparency in risk management responsibilities. Clear reporting routes will also be in place to ensure the project manager is alerted to any changes in risk profile, for example if the likelihood of a risk arising is considered to have increased or wider implications of potential risks are identified. This approach will ensure the prompt escalation of risks and allow for necessary actions to be taken to ensure the project continues to be delivered on budget, to time and to high quality standards. Consideration of risks will also be a standing agenda item for project meetings, the GBSLEP quarterly monitoring requirements and the monthly BCC Capital Board meeting.

As part of the FBC and contract the risk register will be updated to assign risks between the BCC, HS2 and the contractor. In addition, BCC and HS2 have established Change Management processes, which will be applied in managing the delivery of the project. Further details of this will be provided as part of the FBC.

### 7.5.1 *Social inclusion*

Benefits realisation is expected to be focused on construction phase and the future use of the new public realm through its usage by individuals and specific groups. In terms of the construction phase the works will seek to maximise local benefits in terms of procurement and employment.

### 7.5.2 *Sustainability*

The scheme is expected to respond positively to sustainability through the creation of enhanced public realm in the centre for Birmingham, which will for example help to promote increased

walking, meeting best practice requirements set out in Birmingham's Zero Carbon City Framework.

## 7.6 Marketing and communications plan

BCC has developed a Marketing and Promotion Strategy to raise the profile for the Enterprise Zone that will enable the City to compete nationally and internationally. It is aligned to the City Council's Capital Investment Strategy which sets out a framework for targeting investment and as such will act as a key delivery mechanism, alongside other interventions such as the emerging Business and Skills Support Programme.

The Marketing and Promotion Strategy is focused on a proactive and co-ordinated approach to investment promotion, that will enable the Enterprise Zone to:

- identify and assess credible investment opportunities;
- promote investment opportunities to key overseas markets;
- support investors and facilitate investment deals in the EZ;
- increase levels of economic growth and good quality development across the EZ; and
- be proactive in engaging and targeting potential investors.

This will ensure that the investment benefits of the Curzon Enhanced Public Realm project are maximised.

## 7.7 Monitoring and evaluation

A Monitoring and Evaluation (M&E) Plan will be established for the scheme. This would control reporting on:

- progress on financial expenditure and claims;
- progress on output and results;
- audited accounts; and
- evaluating performance.

A financial schedule would potentially be completed and submitted to the Project Board on a monthly basis. Similarly, progress on outputs and outcomes (on the basis of agreed Key Performance Indicators - KPIs) will also be reported to the Board. An evaluation report will be prepared 12 months after the completion of the enhanced public realm works.

This work will be undertaken by the EZ Delivery Team using programme resources.

## 7.8 Forward Plan

A forward plan/succession strategy will involve BCC taking on responsibility for maintaining the Curzon enhanced Public Realm. This will need to be undertaken in a way that is consistent with

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the longer term forward plan for the remainder of the Curzon public realm which will be the responsibility of HS2 Ltd.

## Appendix A: Environmental and wellbeing policies

### **West Midlands Combined Authority Environmental Strategy: Think Global, Act Local 2014-2019**

The West Midlands Combined Authority's (WMCA's) Environmental Strategy outlines the Councils' commitment to "deliver sustainable growth" and "promote a positive impact on the environment", through the effective policies and "environmental management of West Midlands Combined Authority operations over a five-year period". Minimising the combined authority's environmental footprint while meeting "the needs and aspirations of our local communities and stakeholders" is the main priority of the Environmental Strategy.

The overarching strategy highlights several ongoing and expired policies that the Combined Authorities has implemented such as Smart Network, Smarter Choices (SNSC), Movement for Growth and the Green Transport Charter for the West Midlands to emphasise the long-term and enduring commitment of the combined authority to be an "environmentally responsible organisation" and "tackle global challenges": "We will make great progress for a Midlands economic 'Engine for Growth'; clean air; improved health and quality of life for the people of the West Midlands. We will do this by creating a transport system befitting a sustainable, attractive and economically vibrant conurbation in the world's sixth largest economy".

### **West Midlands Low Emissions Towns and Cities Programme (LETCP) 2014**

The Low Emissions Towns and Cities Programme (LETCP) aims to design and deliver key policies that promote the reduction in vehicle use, enable "a shift to sustainable transport modes" and promote sustainable procurement, which is defined as "a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment". Moreover, the programme aims to improve "the emissions of the vehicle fleet through the accelerated uptake of cleaner fuels and technologies" to improve air quality and health within the West Midlands.

The West Midlands area currently breaches the UK Air Quality Objective for Nitrogen Dioxide and could face substantial penalties, passed on through the Localism Act. The LETCP was established in response to the high levels of toxic air pollutants in the region to "produce a West Midlands Low Emission Strategy capable of delivering policies and measures that can reduce air pollution, simultaneously reducing greenhouse gas emissions and noise from road transport." Through increased cycling and the promotion of walking as sustainable alternatives to highly permitting vehicles, the LETCP aims to "achieve the UK Air Quality Objectives and EU Air Quality Limit Values".

### **Movement for Growth: The West Midlands Strategic Transport Plan 2016**

The Strategic Transport Plan sets out the vision for West Midlands to build "a world class, sustainable, infrastructure system, which is proudly comparable to its European counterparts". Outlining five, interlinking core challenges of the West Midlands, the Plan establishes how the transport plan will address:

- Economic Growth and Economic Inclusion,

- Population Growth and Housing Development,
- Environment,
- Public Health and;
- Social Well-Being.

The transport plan, which priorities improvements in local air quality and compliance with all relevant European Union emission limits, will ensure the West Midlands “play its full part in reducing carbon emissions in line with the national target of an 80% reduction from 1990 levels by 2050”. Currently, 25% of controllable CO2 emissions are from transport.

The Movement for Growth strategic transport plan provides a high level policy framework and overall long term approach for improving the transport system serving the West Midlands. Within the plan, Movement for Growth addresses the public health impacts of poor air quality caused by transport emissions, on human “respiratory, cardio-vascular and neurological” systems, in an attempt to support transport policies that reduce premature death in West Midlands and help to tackle the West Midlands’ high obesity levels and diabetes through the promotion of more active travel such as walking and cycling.

Of the fifteen policies outlined to improve the transport system in the West Midlands, policies 11-13 deal with the Council’s intended improvement in Public health and are as follow:

- Policy 11. To significantly increase the amount of active travel in the West Midlands Metropolitan Area;
- Policy 12. To significantly reduce road traffic casualty numbers and severity; and
- Policy 13 To assist with the reduction of health inequalities in the West Midlands Metropolitan Area.

The delivery of strategic cycle network aims to increase the amount of active travel and “ensure that walking and cycling are a safe and attractive option” for all communities in the West Midlands. “The strategic routes will be designed to ensure cycle journey times on the routes are competitive to those on main roads”. Furthermore, the WMCA and local authorities states its commitment to pushing the economic case for “investment in cycling in both local prioritisation of investment and delivery, and in securing funding from national and local partners”.

#### **Movement for Growth: 2026 Delivery Plan for Transport**

As part of the West Midlands Combined Authority, the Transport for West Midland’s Delivery Plan for Transport is a strategic economic plan establishing the “transport initiatives and schemes” the WMCA will deliver by 2026. Them measured outlined in the Delivery Plan for Transport are in line with the long-term visions for the region outlined in “Movement for Growth: The West Midlands Strategic Transport Plan” to “unlock economic growth opportunities and support wider initiatives to improve the social well-being and lives of residents”.

Key transport priorities for the local tier are outlined as:

- The development of local cycle networks



- The creation of key walking routes
- Area Wide residential road 20 mph speed limits
- The promotion of the Smarter Choice Initiative Programme

The Plan highlights the role of the delivery of HS2 in promoting the connectivity and growth of the West Midlands. Adopting a £4.4bn HS2 Growth Strategy, the WMCA outlines how the positive impacts of HS2 will be maximised across the region: “the HS2 Growth Strategy contains approximately £1.2bn of transport connectivity investment to be delivered by 2026”, in which improved cycle links are considered.

The Delivery Plan shows the “important role of cycling” to the region and promises high quality cycle provision, with the aims “to increase cycling to 5% of all journeys by 2023”. The approved development of numerous strategic cycle networks across the WMCA region will “increase opportunities to travel safely and improve health, as well as providing affordable access to skills, education, employment and other services”. As part of the prioritisation of the combined authority to encourage active travel, “improved conditions for walking will be created through the delivery of district and city centre public realm improvements and local area enhancements”. Key walking routes are also outlined as a priority for the local tier while “green urban spaces will be promoted” to improve the attractiveness for pedestrians.

The WMCA’s delivery plan outlines the importance of mobility “for health and a clean environment” explaining “poor air quality resulting from transport damages our citizens’ health, and carbon emissions contribute to climate change”. According to Public Health England, 1,500 premature adult deaths each year are attributable to poor air quality in the West Midlands annually. The Delivery plan demonstrates its commitment to “improving air quality” by emphasising the “important relationships between health, wellbeing and wealth”, while acknowledging the “inequalities in health within the West Midlands”. Poor air quality and low levels of physical activity can exacerbate the health inequalities in West Midlands, reducing the likelihood of WMCA achieving its objective of “increasing the healthy life expectancy by 2030”. The delivery plan “includes opportunities to improve air quality” by investing in greener forms of transport infrastructure, such as:

- Opening the Camp Hill Rail Chords for rail commuters, which would shift many road based journeys onto rail;
- Reducing the number of vehicles on the roads, fewer vehicle miles travelled, lowering congestion in the region;
- Developing the local and strategic metropolitan cycle network and key walking routes; and
- Improving traffic management to improve the flow of traffic.

## **Transport for West Midlands, West Midlands Approach to healthy and active streets: An Evidence Statement**

The West Midlands Approach to healthy and active streets promotes the provision of “good quality street environments” in the region, with resulting benefits to “health”, “problems of congestion” and “delays on the road network”. The Statement aims to reduce the number of journeys made by car of which “around 2 out of every 5 journeys under 2 miles” are made. The

Approach to Healthy and Active Streets promotes the role of street design and “walkable cities” rather than the method of transport, highlighting “well-designed spaces encourage greater use”: “in more walkable cities, journeys happen by foot in the morning and afternoon rush hours, and during the day at weekends”.

Walking and cycling represents an inclusive form of transport, where there “are no cost barriers”. The Approach to Healthy and Active Street argues “walkable streets can reduce the inequalities seen in physical activity” and “lower inequalities in the amount of activity”. The evidence statement addresses the gap in health of different areas and aims to reduce health inequalities in the West Midlands region: “people who walk in green spaces have longer life expectancies than people from similar backgrounds”.

Well-designed city design and green spaces are promoted by the Evidence Statement, acknowledging “green spaces improve wellbeing and have a positive impact on people’s self-reported mood and feeling”. The Approach to Healthy and Active Street argues the provision of high-quality parks and open spaces lead to an “increase walking and physical activity, especially in the elderly” and well-design street layouts “can avoid the buildup of pollution and reduce exposure to air pollution”.

### **West Midlands Cycling Charter**

The West Midlands Cycling Charter seeks to deliver a step change in cycling across the West Midlands Metropolitan area, with “the target of increasing levels of cycling to 5% of all trips by 2023”. The Charter recognises cycling’s contribution to creating more sustainable places, as part of an integrated transport system in the West Midlands. This includes “improvements to the environment by helping to reduce carbon emissions, air pollution and noise” and “create better places to live and visit, by making it easy for people to move around their local communities”.

The Cycling Charter is based on four cores principles:

- Leadership and Profile
- Cycling Network
- Promoting and Encouraging Cycling
- Funding.

Alongside the environmental benefits the Cycling Charter aims to create, the Charter highlights the improvements in health that cycling can achieve by “tackling obesity” and improving air quality. The overarching purpose of “promoting and encouraging cycling” is to realise the full potential of “cycling’s contribution to the health and wealth of the West Midlands”, by “creating more sustainable suburbs, towns and cities that are healthier, safer and more desirable places to live, work and learn”.

According to the Charter, and as part of an integrated transport system, cycling can:

- improve the environment by helping to reduce carbon emissions, air pollution and noise.
- offer an affordable, convenient and low-cost travel option to access jobs, education and leisure opportunities, particularly for people without access to cars.

- increase people's physical activity levels, tackle health inequalities and improve both the physical and mental health of West Midlands residents.

### **Smart Network, Smarter Choices Programme**

The commitment of the WMCA to “low-carbon, sustainable growth” was demonstrated by the Smart Network, Smarter Choices (SNSC) programme, which was a “£48 million programme across the West Midlands aimed at cutting carbon, supporting economic growth and connecting residents to jobs”. The initiatives and measures employed in the programme are targeted at changing people's travel behavior by enabling people to make better informed sustainable travel choices and improve walking and cycling routes to promote a more active lifestyle, with “an average 4% shift from travel to work by car to active travel and public transport”.

By working closely with local stakeholders, residents and schools, the project aimed to:

- Support 7,000 jobseekers back into work.
- Provide bespoke travel support for 20,000 residents.
- Issue travel plans for schools and colleges in the West Midlands and help further engage young people in sustainable travel.
- Create new and improved infrastructure for pedestrians and cyclists.
- Improve junctions and increase bus priority measures along congested routes
- Provide 7,800 cycle training and maintenance sessions.
- Provide support to 140 businesses across the West Midlands in reducing single car occupancy and encourage their employees to cycle, walk and use public transport more often.

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## Appendix C: Economic Appraisal Model – provided separately

## Appendix G: Delivery Funding Agreement: Negotiation Framework

### Delivery Funding Agreement: Negotiation Framework **(Final for Issue)**

**Objective:** To agree a Delivery Agreement (DA) for HS2 to deliver the Agreed Enhanced Public Realm Scope at HS2 Birmingham Curzon Street Station (BCS), funded by Birmingham City Council.

#### Core Negotiation Team

##### HS2 Core Team

- Jo Summers (Interface Consultant)
- Joanne Brown (Snr Commercial Manager - Commercial Agreements)
- Alexia Binns (Legal Counsel)
- TBC (r) - Note taker

##### As required:

- *Nicola Henderson Reid (N4 Senior Project Manager)*
- *Debbie Makinde (N4 Project Manager)*
- *Paul Haj (N4 Senior Commercial Manager)*
- *Alex Cruttwell (Senior Sponsor Area North)*
- *Phil Richardson (Head of Commercial Management, Area North Phase 1)*

##### BCC Core Team

- James Betjeman (Head of Curzon and Enterprise Zone Delivery)
- Nick Matthews (Project Delivery Manager)
- Laura Spinks (Development Officer)
- Tom Button (Legal Counsel)
- Charlie Short (Procurement)

#### Negotiation Team Purpose

1. Work collaboratively to draft a legally binding arrangement to deliver enhanced public realm as per the agreed scope at HS2 Birmingham Curzon St Station, within HS2 programme.
2. Sign the bespoke delivery agreement prior to HS2 procurement and schedule 17 submission, in accordance with the Timeline.
3. Identify, discuss and agree all issues that need to be addressed in the Delivery Agreement within the agreed Negotiation Timeline (Appendix A).
4. Agree commercial model(s) associated with the funding, D&B, land occupation, BCC obligations, Operational and Maintenance costs, for inclusion in the Delivery Agreement, including the means by which HS2 will recover its costs for inclusion of the Enhanced Public Realm Scope in the Main Stations Contract.
5. Discuss and agree Risk allocation.

6. Ensure appropriate representation at negotiation meetings by the Core Team members and the Negotiation Support Group members as appropriate.
7. Agree the notes and actions associated with each negotiation meeting.
8. Report negotiation progress to the parties' wider organisations as required.
9. Resolve issues that arise and ensure disputes are resolved in line with the agreed Escalation Process.
10. Ensure compliance with HS2 Ltd and BCC internal process and procedures.

## Key Principles

- i. HS2 Ltd is fully committed to delivery of the project in full alignment with the undertakings and assurances (U&As) agreed between Secretary of State for Department for Transport (DfT) and BCC.
- ii. HS2 Ltd must operate within the constraints of its Development Agreement with DfT, including risk, cost & programme and securing value for money, for the public purse.

## Negotiation Support Group

HS2 will establish a Negotiation Support Group (NSG) which will meet regularly to assist the core Negotiation Team by providing guidance, answering any technical queries and supporting the resolution of any issues that may arise. The NSG will ensure compliance of the funding agreement and ensure continuity between all third party funding agreements.

## Escalation Process

The Negotiation Team will work to resolve any issues that arise during the negotiation process with guidance provided by the wider HS2 Negotiation Support Group (NSG). If the core negotiation team is unable to resolve an issue that arises during negotiation discussions and it is agreed that escalation is required, the escalation process will be activated as set out below:

### HS2

Initial referral to Donovan Bailey - Head of Programme Interface Area North Phase 1 Directorate, who will add the issue to the agenda for the next NSG.

NSG – The NSG has representatives as required from Interface, Third Party Commercial Agreements, Commercial, Project Management, Legal, Estimating and Procurement.

If the issue can't be resolved then the matter will be escalated further to the Quad

### The Quad

1. Programme Director Area North
2. Phase One Commercial Director
3. Director of Commercial Strategy and Rolling Stock Procurement

4. General Counsel & Company Secretary
5. Sponsorship Director

## BCC

Initially all issues will be referred to Richard Cowell (Assistant Director, Development) and Phil Edwards (Assistant Director, Transport Connectivity). If the issue cannot be resolved it will be escalated to the EZ and Curzon Delivery Board.

## EZ and Curzon Delivery Board

1. Richard Cowell – Assistant Director, Development
2. Phil Edwards – Assistant Director, Transport Connectivity
3. John Myatt – Capital Programmes and Partnership Manager
4. James Betjemann – Head of EZ and Curzon Delivery
5. Alison Jarrett – Assistant Director, Finance
6. Nigel Greenwood – Finance Manager
7. Jane Smith – EZ Programme Manager

If further escalation is required then it will be referred to Waheed Nazir, Corporate Director, Economy.

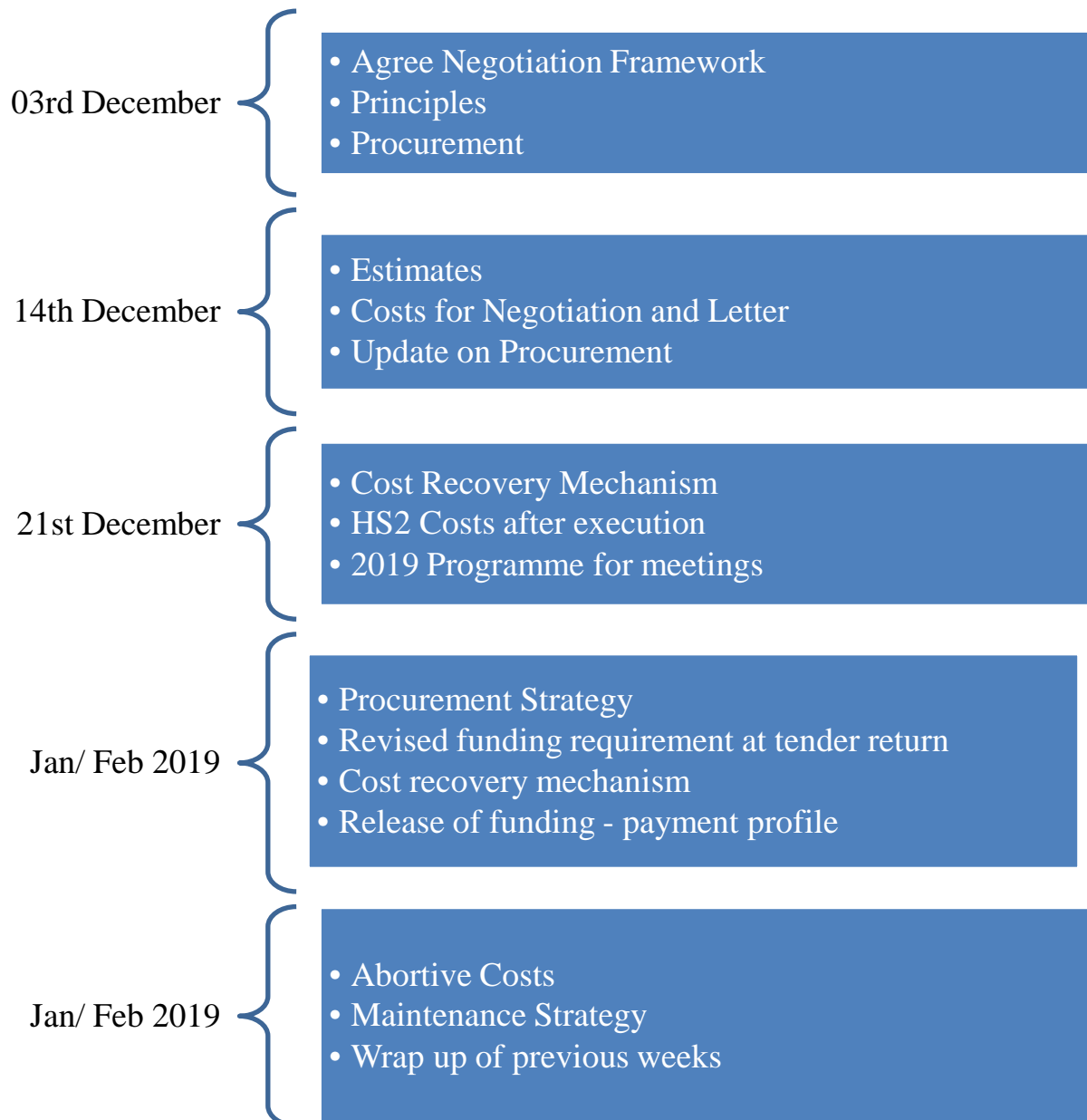
## **Governance**

The parties will work together to secure governance approvals in line with the Negotiation Timeline and key milestones. Parties will ensure the Negotiation Team is informed of any changes to the governance milestones in order that the timeline may be revisited to ensure that the Funding Agreement is completed within the HS2 programme constraints. Key Milestones to set out the required timescales for governance.

## **Negotiation Timeline (Refer to – Appendix A below)**

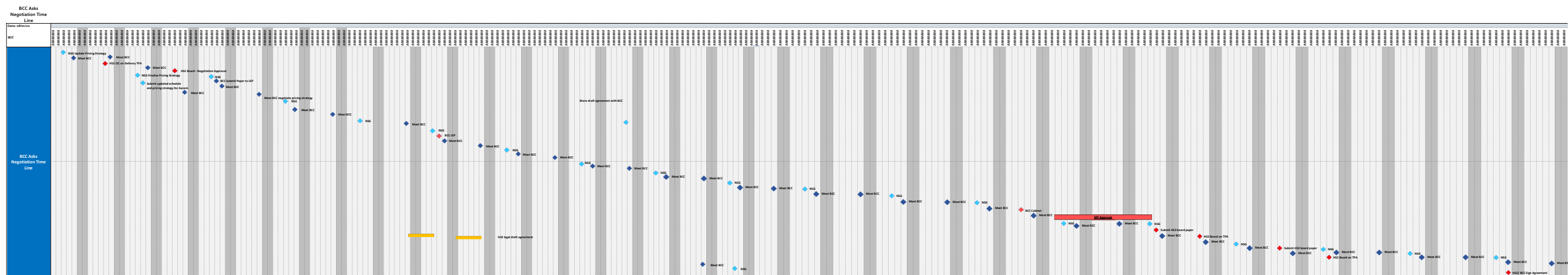


## Appendix A: Negotiation Timeline (Draft)

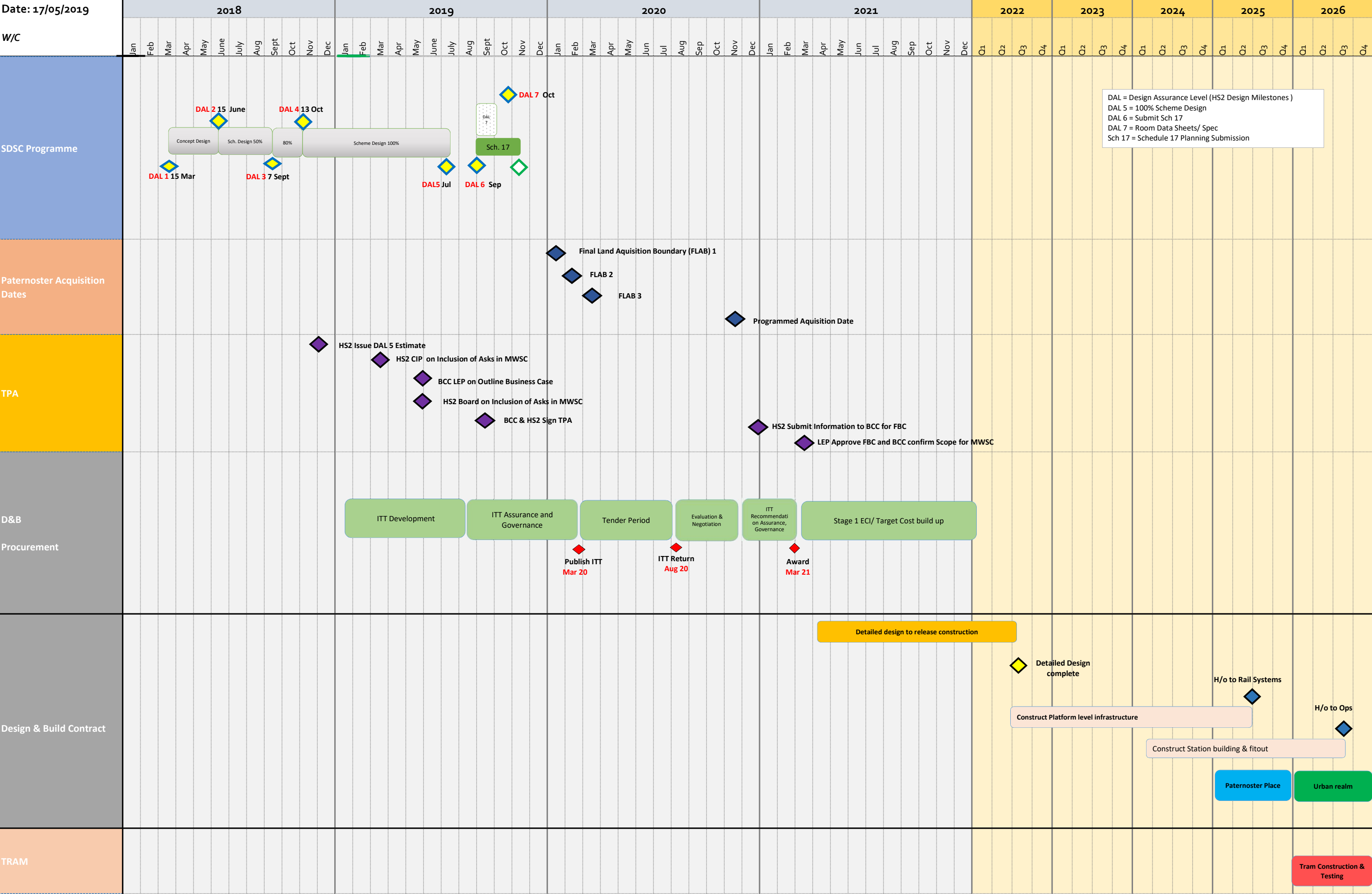


## Appendix H: WSP Enhanced Public Realm Report – provided separately

## Appendix I: Acivico Cost Review Report – provided separately



Curzon Street Station Procurement Programme Summary



# CURZON PUBLIC REALM - PATERNOSTER PLACE

## Risk Register

Version No: 003

Last Updated Date: 09 August 2019

### RISK GUIDE

↑ LIKELIHOOD	4	Almost Certain	Material	Severe	Severe	Severe
	3	Likely	Tolerable	Material	Severe	Severe
	2	Possible	Tolerable	Material	Material	Material
	1	Unlikely	Tolerable	Tolerable	Material	Material
			Minor	Medium	Major	Critical
			1	2	3	4
		IMPACT	→			

<b>HIGH</b> (Severe)	Issues which may critically affect service delivery. Immediate control improvement to be made to enable business goals to be met and service delivery maintained/improved
<b>MEDIUM</b> (Material)	Close monitoring to be carried out and cost effective control improvements sought to ensure service delivery is maintained
<b>LOW</b> (Tolerable)	Regular review, low cost control improvements sought if possible

**Threat Response:** Avoid, Reduce, Fallback, Transfer, Accept, Share

**Opportunity Response:** Enhance, Exploit, Reject, Share

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
1 BUDGET & RESOURCES											
1/001		<u>Full Business Case Consultant Budget</u>  Time taken to complete business case longer than expected due to limited information available from HS2 resulting in higher than originally estimated number of queries received from business case appraisal team.	2	4	High	BCC	<b>Threat Response:</b> Reduce  Additional resources to be drawn from contingency budget.	1	4	Med	Nick Matthews Project Manager
1/002		<u>Cost Consultant Budget</u>  Unexpected additional work required to independently assure updated HS2 cost estimates.	2	2	Med	BCC	<b>Threat Response:</b> Reduce  Additional resources to be drawn from contingency budget.	1	2	Low	Nick Matthews Project Manager

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
1/003		<b><u>Contract Bids Exceed Expectations</u></b>  Contractor tender return bids higher than predicted and exceed GBSLEP funding allocation for public realm projects.	4	2	Med	BCC	<b>Threat Response:</b> Fallback  Drop one or more of the Curzon Public Realm projects to remain affordable.	3	2	Med	Nick Matthews Project Manager
1/004		<b><u>Insufficient Staffing</u></b>  Delays due to staff leaving, lack of available qualified staff to manage project.	2	2	Med	BCC	<b>Threat response:</b> Reduce  Multidisciplinary team established to cover all relevant aspects of the project. Project Board established made up of key officers to maintain oversight and ensure there is no single point of failure.	2	1	Low	Nick Matthews Project Manager
1/005		<b><u>Cost at FBC is higher than the OBC</u></b>  Following procurement the cost of the works from the successful bidder is higher than set out in the OBC	3	2	Med	BCC/HS2	<b>Threat response:</b> Reduce  1. A high level of contingency has been built into the OBC cost to mitigate the risk of the cost at FBC being higher.  <b>Threat response:</b> Fallback 2. If the cost is higher then measures such as reducing the scope of works will be explored.				



Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
1/006		<p><b><u>Cost overruns</u></b></p> <p>Project costs exceed those outlined in the RIBA 3 estimate.</p>	3	2	Med	BCC/HS2	<p><b>Threat response:</b> Reduce</p> <ol style="list-style-type: none"> <li>1. Negotiations with HS2 to share responsibility are underway. The cost estimates produce as part of the RIBA 3 Design have undergone independent appraisal. These estimates include a 40% contingency which is above the industry standard approach for this type of project, to reflect the complexities of delivering the works as part of a much larger scale project.</li> <li>2. Following procurement the FBC will be prepared, which will include the final cost from the successful contractor. Based on the contractor's programme and risk strategy HS2 and BCC will agree which costs could be fixed, with appropriate contingencies, and which will be shared individually or jointly by the relevant organisation.</li> </ol> <p><b>Threat response:</b> Fallback</p> <ol style="list-style-type: none"> <li>3. De-scoping works could be explored.</li> </ol>	2	1	Low	Nick Matthews Project Manager and HS2 Project Team

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
1/007		<u>Insufficient resources to deliver FBC</u>  Unable to appoint consultant to deliver GBSLEP Full Business Case because quotes exceed budget.	4	1	Med	BCC	<b>Threat response:</b> Reduce  Thorough assessment of costs needed to produce FBC has been made and a significant amount of work has already been completed which has helped identify resources required to complete the work.	4	1	Med	Nick Matthews Project Manager
1/008		<u>Inadequate Contingency</u>  The complex nature of the project presents a potential risk of unforeseen issues arising.	3	2	Med	BCC	<b>Threat response:</b> Reduce  The cost estimates produce as part of the RIBA 3 Design includes a 40% contingency. This is above the industry standard approach for this type of project to reflect the complexities of delivering the works as part of a much larger scale project.	2	1	Low	Nick Matthews Project Manager
1/009		<u>Inadequate allowances</u>  Allowances made for inflation, fees, Network Rail costs, etc. are insufficient and these costs exceed estimates.	3	1	Med	BCC	<b>Threat response:</b> Reduce  Costs identified at this stage have been forecast above industry-standard standard values to allow for worst-case scenario.	1	1	Low	Nick Matthews Project Manager
<b>2 PROCUREMENT &amp; CONTRACT MANAGEMENT</b>											
2/001		<u>HS2 Procurement Transparency</u> <ul style="list-style-type: none"> <li>HS2 have revised their strategy for procurement and are now proceeding with a two-stage tender process.</li> </ul>	2	2	Med	BCC	<b>Opportunity Response:</b> Exploit  The revised approach to procurement is a positive outcome for the Council. The collaborative nature of this method provides BCC with greater input into the development of its public realm projects, where influence would	2	1	Low	Nick Matthews Project Manager

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
		<ul style="list-style-type: none"> <li>Without knowing the detail of what each stage will look like, there remains a risk that BCC could be limited in sight of the criteria or ability to make representations, which may compromise BCC's requirement to evidence value for money.</li> </ul>					<p>previously have been limited. It also provides much greater certainty over risk allocation, programme and costs.</p> <p><b>Threat Response:</b> Transfer</p> <p>If issues remain regarding involvement and transparency of the procurement process then the issue should be escalated to the Corporate Director and HS2 Growth Delivery Board.</p>				
2/002		<p><b><u>Limited Information</u></b></p> <p>HS2 unable to share a programme risk register that includes key financial mitigation measures and a risk plan with risk management approach.</p>	2	3	Med	BCC/HS2	<p><b>Threat Response:</b> Reduce</p> <p>Ongoing partnership working with HS2 through work stream cross-organisational Working Groups and the Project Board to obtain a high level risk plan that HS2 is able to share.</p>	2	1	Low	Nick Matthews Project Manager and HS2 Project Team
2/003		<p><b><u>Unable to Secure Contractor</u></b></p> <p>No suitable tender bids submitted in response to HS2's Invitation to Tender (ITT).</p>	4	3	High	HS2	<p><b>Threat response:</b> Reduce</p> <p>HS2 have revised their procurement strategy and will now be undertaking a two-stage tender process. This reduces the burden on tenderers and increases the attractiveness of bidding for the contract. These works form part of a national significant infrastructure project which will generate wide international interest from Tier 1 contractors to secure the contract.</p>	3	1	Med	HS2 Project Team

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
2/004		<u><b>Plant and Resources</b></u>  Extensive construction works taking place in the wider Birmingham city region. There is a risk that there may be a lack of availability within the market for construction plant and sufficiently qualified human resources to undertake the project	4	2	High	HS2	<b>Threat response:</b> Reduce  Works will be undertaken by a Tier 1 contractor that will have a robust supply chain for available resources required.	4	1	Med	HS2 Project Team
2/005		<u><b>Contractor Liquidation</b></u>  Appointed contractor unable to complete the works due to financial difficulties.	4	1	Med	HS2	<b>Threat Response:</b> Fallback  Appoint another Tier 1 contractor with adequate supply chain and resources to take on the contract and continue the works.	2	1	Low	HS2 Project Team
2/006		<u><b>Paternoster Place Not Accepted</b></u>  There is a risk that the project is not taken forward by the contractor due to the complex nature of the project and associated risks to delivery.	3	1	Med	BCC/HS2	<b>Threat Response:</b> Avoid  1) These works form part of a national significant infrastructure project which will secure a Tier 1 contractor with sufficient experience and resources to deliver the project.  <b>Threat Response:</b> Fallback  2) Works could be scaled back to simplify delivery.  <b>Threat Response:</b> Transfer  3) Alternative strategy for delivery through HS2 commercialisation work could be explored.	2	1	Low	Nick Matthews Project Manager and HS2 Project Team

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
2/007		<b><u>HS2 Project Cancelled</u></b> There is a risk that a change in government could cancel the wider HS2 project as a whole.	4	1	Med	HS2	<b>Threat Response:</b> Accept  Legislation in place to deliver project and significant progress has already been made, therefore unlikely this outcome will occur.	4	1	Med	HS2 Project Team
3 SUPPORT AND ENGAGEMENT											
3/001		<b><u>GBSLEP</u></b> Failure to fully engage with GBSLEP leading to a lack of support and delay/refusal of EZ Funding	4	3	High	BCC	<b>Threat Response:</b> Reduce  1. GBSLEP have approved Outline Business Case  2. Early and ongoing engagement of GBSLEP and their appointed appraisal consultant in the development of the Full Business Case.	2	1	Low	Nick Matthews Project Manager
3/002		<b><u>Politicians</u></b> Failure to engage Councillors and Cabinet Members leading to a high volume queries resulting in a delay in obtaining cabinet approval.	4	3	High	BCC	<b>Threat Response:</b> Avoid  a) Early consultation and ongoing engagement with Councillors and Cabinet Members. Briefing sessions with Cabinet Members following design maturity.	2	1	Low	Nick Matthews Project Manager
4 PROJECT PROGRAMME											

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
4/001		<p><b><u>Deadlock</u></b></p> <p>Programme delay due to a deadlock in agreeing the final detailed contractual arrangements, including responsibility for cost overruns.</p>	3	2	Med	BCC/HS2	<p><b>Threat Response:</b> Reduce</p> <p>Following outline business case approval, agree Heads of Terms with HS2 for negotiating final contract including pain/gain share.</p>	2	1	Low	Nick Matthews Project Manager and HS2 Project Team
4/002		<p><b><u>HS2 Programme</u></b></p> <p>Slippage in HS2's procurement and/or planning submission programme may require additional legal, commercial and planning resources from both BCC and HS2. This may incur additional costs.</p>	3	2	Med	HS2	<p><b>Threat Response:</b> Reduce</p> <p>Ongoing partnership working with HS2 through work stream cross-organisational Working Groups and the Project Board.</p>	2	1	Low	HS2 Project Team
4/003		<p><b><u>Approval Timescales</u></b></p> <p>Following HS2's revision of their procurement strategy (see risk 2/001), their timescales for appointing a contractor have now changed. The target price will not be fixed until the end of stage 1, but there are currently no details on how long stage 1 will take to complete and we are therefore as yet unable to determine when the Full Business Case will be submitted for approval.</p>	3	2	Med	BCC	<p><b>Threat Response:</b> Reduce</p> <p>Ongoing partnership working with HS2 through work stream cross-organisational Working Groups will keep officers informed of any updates to the procurement timetable.</p>	2	1	Low	Nick Matthews Project Manager
5 GBSLEP FULL BUSINESS CASE APPROVAL											

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
5/001		<p><b><u>Full Business Case Completion</u></b></p> <p>Full Business Case not approved by GBSLEP due to failure to address red flags raised in appraisal of Interim Business Case.</p>	4	3	High	BCC	<p><b>Threat Response:</b> Reduce</p> <p>a) Business case consultant fully engaged with GBSLEP and appraisal consultant to address key issues.</p> <p>b) Ongoing partnership working with HS2 through work stream cross-organisational Working Groups and the Project Board.</p>	3	1	Med	Nick Matthews Project Manager
6 <b><u>DELIVERY STAGE</u></b>											
6/001		<p><b><u>Planning Permission</u></b></p> <p>Planning permission refused or extended. This could cause delays to the programme and may incur additional planning fees from HS2.</p>	4	2	High	HS2	<p><b>Threat Response:</b> Reduce</p> <p>Prior to formal pre-application discussions, BCC Planning officers have been engaged early on in the design development process and this close working has continued into the formal pre-app process.</p>	3	1	Med	HS2 Project Team



Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
6/002		<u><b>Maintenance Arrangements</b></u>  Strategy for agreeing maintenance responsibilities and arrangements not agreed. If agreement cannot be reached, the Business Case will state that unless alternative arrangements are made, BCC are responsible for any maintenance arising from the projects. This approach may not be approved by BCC Cabinet. Don't have funding for maintenance. Issue is strategy and working now.	3	3	High	BCC/HS2	<b>Threat Response:</b> Reduce  Discussions are ongoing between HS2 and BCC to identify alternative funding sources. The issue has been escalated and senior officers are aware of the implications.	3	2	Med	Nick Matthews Project Manager and HS2 Project Team
6/003		<u><b>Unidentified Ground Constraints</b></u>  There is a risk that the ground conditions encountered are not as anticipated.	3	1	Med	HS2	<b>Threat Response:</b> Reduce  Enabling works underway and will be completed prior to construction of public realm.	2	1	Low	HS2 Project Team
6/004		<u><b>Works Deviate from Specifications</b></u>  There is a risk that detailed designs may deviate from those agreed at DAL 5.	3	1	Med	BCC/HS2	<b>Threat Response:</b> Reduce  Design work has been undertaken in close collaboration between HS2, Station Designers, and BCC officers and the specification of works set out in the ITT will reflect these agreed designs.	2	1	Low	Nick Matthews Project Manager and HS2 Project Team

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
6/005		<u><b>Brexit</b></u> This may impact on ability to recruit qualified staff and acquire the necessary materials for construction.	4	2	Med	HS2	<b>Threat Response:</b> Reduce  Major contractors will have extensive Brexit contingencies in place and this will be identified during procurement process.	1	2	Low	HS2 Project Team
6/006		<u><b>Unchartered services</b></u> There is a threat that previously unidentified utilities services may be encountered during construction works, causing a delay to delivery.	3	1	Med	HS2	<b>Threat Response:</b> Reduce  The enabling works are currently underway which will identify the location of services across the site and will be completed prior to construction of the public realm.	2	1		HS2 Project Team
6/007		<u><b>Adverse weather</b></u> There is a threat that adverse weather conditions may impact on the ability to carry out works, causing a delay to delivery.	3	3	High	HS2	<b>Threat Response:</b> Reduce  An allowance will be built into construction programme for exceptional weather and allow for an additional programme contingency.	2	3	Med	HS2 Project Team
6/008		<u><b>Failure to Engage Stakeholders</b></u> Failure to fully engage stakeholders could result in high numbers of queries and objections resulting in a delay to the programme.	2	2	Med	BCC/HS2	<b>Threat Response:</b> Reduce  HS2 have dedicated engagement team in place and measures are already in place to engage stakeholders on a regular basis. This will continue throughout the project.	1	1	Low	Nick Matthews Project Manager and HS2 Project Team

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
6/008		<b><u>Unidentified 3<sup>rd</sup> Party Ownerships</u></b> Unidentified landownerships delay delivery impact on ability to complete the works	3	2	Med	HS2	<b>Threat Response:</b> Avoid All land required for development has been identified through the legislative process and therefore the risk is minimal.	1	1	Low	HS2 Project Team
6/010		<b><u>Insufficient Detail of NR Future Works</u></b> There is a threat that Network Rail may not provide sufficient detail or change their design of the re-signalling gantry works due to take place in the area adjacent to Paternoster Place.	2	2	Med	HS2	<b>Threat Response:</b> Reduce HS2 have a team based within Network Rail to enable collaborative working. Discussions have commenced regarding Network Rail's future works programme. This risk is associated with unforeseen works which would only impact on the timescales for delivery.	2	1	Low	HS2 Project Team
6/011		<b><u>Relocation of OLE stanchion(s)</u></b> There is a risk that the installation of an additional bridge deck may require the relocation of an OLE stanchion(s).	3	1	Med	HS2	<b>Threat Response:</b> Reduce HS2 have already engaged Network Rail with the emerging designs for Paternoster Place and no additional works are currently identified. This will be confirmed at the detailed design stage.	2	1	Low	HS2 Project Team
6/012		<b><u>Delay to NR Approvals</u></b> There is a risk of delay to securing Network Rail approval to the Paternoster Place designs and the acquisition of land and air rights required to deliver it.	4	2	Med	HS2	<b>Threat Response:</b> Reduce HS2 have commenced the process to seek NR approvals to agree the design, works and acquisition of the necessary land and air rights.	4	1	Med	HS2 Project Team

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
6/013		<p><b><u>NR asset protection</u></b></p> <p>There is a threat that further strengthening works of NR assets are required.</p>	3	1		HS2	<p><b>Threat Response:</b> Reduce</p> <p>HS2 have already engaged Network Rail with the emerging designs for Paternoster Place and no additional works are currently identified. Detailed design stage will confirm whether further strengthening will be required and the scope of works will be adjusted accordingly to minimise the impact on delivery.</p>	2	1		HS2 Project Team
6/014		<p><b><u>Damage to NR infrastructure</u></b></p> <p>There is a threat that construction works may result in unforeseen damage to existing NR assets and infrastructure.</p>	2	3		HS2	<p><b>Threat Response:</b> Reduce</p> <p>The delivery agreement between BCC and HS2 will stipulate that responsibility for the protection of NR assets are to be taken on by the appointed contractor.</p>	1	2		HS2 Project Team
6/015		<p><b><u>Age of existing NR infrastructure</u></b></p> <p>The time at which the existing structure will need significant maintenance works or replacement is currently unknown but any new structure built in the next 6-7 years would be at risk of these works.</p>	3	3		BCC/HS2	<p><b>Threat Response:</b> Reduce</p> <p>Discussions with NR are already taking place and any additional requirements will be identified during the detailed design phase.</p>	2	2		HS2 Project Team
6/016		<p><b><u>Joint Bridge Ownership</u></b></p> <p>There is a risk that the ownership, maintenance and liability of the joint between new and existing bridge deck leads to protracted negotiations with NR</p>	4	3		BCC/HS2	<p><b>Threat Response:</b> Reduce</p> <p>Discussions with NR are already taking place and any additional requirements will be identified during the detailed design phase.</p>	2	2		HS2 Project Team

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
6/017		<p><b><u>NR Clearance compliance</u></b></p> <p>NR have indicated that they may require any new rail structure to be built to modern clearance compliances for the electrification equipment, requiring the structure to be raised above existing ground level.</p>	2	3		HS2	<p><b>Threat Response:</b> Reduce</p> <p>This issue potentially affects not only Paternoster Place but the station building, new service road and the Bordesley St-Park St junction. HS2 are in discussion with NR and any additional requirements will be identified during the detailed design phase.</p>	2	2		HS2 Project Team
6/018		<p><b><u>NR Possession availability, overruns and cancellations</u></b></p> <p>There is a risk that Network Rail possessions required to build Paternoster Place will not be available to suit the construction programme.</p> <p>There is a risk that agreed NR possessions are cancelled at short notice, leading to schedule delays.</p> <p>There is a risk that works undertaken during any possession of the railway may overrun beyond the published access window.</p>	2	2		HS2	<p><b>Threat Response:</b> Accept</p> <p>Extensive planning with Network Rail will take place to agree possessions. Any unforeseen cancellations will impact on the programme and any overruns will be the responsibility of the contractor.</p>	1	2		HS2 Project Team
6/019		<p><b><u>Lack of Information Sharing</u></b></p> <p>There is a risk of non-timely receipt of requested information of data, drawings, specifications, exclusions, working restrictions from HS2/Network Rail/other third parties causing delays.</p>	3	2		HS2/NR	<p><b>Threat response:</b> Reduce</p> <p>Close working arrangements between HS2 and Network Rail are already in place. Both projects are at similar levels of design and potential interface issues have been recognised and are being resolved.</p>	2	1		Nick Matthews Project Manager and HS2 Project Team

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
6/020		<b><u>Security Measures</u></b>  There is a risk that the proposed security measures within the public realm are not approved by HS2 security teams.	2	2		HS2	<b>Threat response:</b> Avoid  The current level of design maturity has incorporated extensive input from HS2's security team. It is not anticipated that further issues will arise during the detailed design phase.	1	1		HS2 Project Team
6/021		<b><u>Access to Site</u></b>  There is a threat that there will be frustrated access to the station worksite due to adjacent third party construction works restricting access.  Road closures may not be completed ahead of public realm construction works.  Utilities companies could make additional requests for protective works.  An unannounced party may request access to the site.	2	2		HS2	<b>Threat response:</b> Avoid  During the detailed design phase, the appointed contractor will identify all third party developments that may impact on the delivery of the Public Realm projects and mitigate accordingly.	1	2		HS2 Project Team
6/022		<b><u>Noise Restrictions</u></b>  There is a threat that there will be noise restrictions during the construction works which may affect the sequencing and phasing of the works.	2	2		HS2	<b>Threat response:</b> Reduce  This will be addressed by the appointed contractor during detailed design phase.	1	2		HS2 Project Team

6/02 3		<p><b><u>Presence of unexploded ordnance (UXO)</u></b></p> <p>There is a threat that an UXO may be present in the site.</p>	2	2		HS2	<p><b>Threat response:</b> Avoid</p> <p>Early works are underway to remediate the site. Any further issues will be responsibility of contractor.</p>	1	2		HS2 Project Team
6/02 7		<p><b><u>Commercialisation</u></b></p> <p>There is a potential opportunity that HS2's additional Commercialisation scope will be instructed during detailed design phase.</p>	3	3		HS2/BCC	<p><b>Opportunity Response:</b> Exploit</p> <p>Commercialisation is unlikely to alter the scope of works but could potentially take responsibility for the delivery of Paternoster Place and its associated risks.</p>	1	3		Nick Matthews Project Manager and HS2 Project Team
6/02 8		<p><b><u>Arts Strategy</u></b></p> <p>There is a risk that the site-wide Arts Strategy impacts on the public realm design.</p>	1	2		HS2	<p><b>Opportunity Response:</b> Exploit</p> <p>The details of the Arts Strategy will be determined at planning and detailed design stages. Any additional requirements would only be accepted on the basis that they enhance the existing scope of works.</p>	1	1		HS2 Project Team
<b>7 BENEFITS</b>											

7/00 1		<p><b><u>Vacancy Rates</u></b></p> <p>Reduction in vacancy rates not as high as forecast.</p>	2	2		BCC	<p><b>Threat response:</b> Avoid</p> <p>Detailed assessment of the impacts of the Public Realm projects has been undertaken and identified achievable reductions in vacancy rates. Significant new development is already in the pipeline on the basis of HS2 being delivered in 2026.</p>	1	1		Nick Matthews Project Manager
7/00 2		<p><b><u>New Jobs</u></b></p> <p>Level of new jobs created is not as high as forecast due to lower levels of development, for example HS2 commercialisation scheme not being delivered.</p>	2	2		BCC	<p><b>Threat response:</b> Avoid</p> <p>Detailed assessment of the impacts of the Public Realm projects has been undertaken and identified achievable job creation. There are development opportunities within close proximity to the public realm which offer significant potential for new jobs.</p>	1	1		Nick Matthews Project Manager
7/00 3		<p><b><u>Land Value Uplift</u></b></p> <p>Uplift in land values not as high as forecast.</p>	2	2		BCC	<p><b>Threat response:</b> Avoid</p> <p>Detailed assessment of the impacts of the Public Realm projects has been undertaken and identified realistic achievable land values. HS2 is a major national infrastructure project which is already generating significant interest in land surrounding the public realm.</p>	1	1		Nick Matthews Project Manager



# CURZON PUBLIC REALM – CURZON PROMENADE & SQUARE

## Risk Register

Version No: 003

Last Updated Date: 08 August 2019

### RISK GUIDE

↑ LIKELIHOOD	4	Almost Certain	Material	Severe	Severe	Severe
	3	Likely	Tolerable	Material	Severe	Severe
	2	Possible	Tolerable	Material	Material	Material
	1	Unlikely	Tolerable	Tolerable	Material	Material
			Minor	Medium	Major	Critical
			1	2	3	4
		IMPACT	→			

<b>HIGH</b> (Severe)	Issues which may critically affect service delivery. Immediate control improvement to be made to enable business goals to be met and service delivery maintained/improved
<b>MEDIUM</b> (Material)	Close monitoring to be carried out and cost effective control improvements sought to ensure service delivery is maintained
<b>LOW</b> (Tolerable)	Regular review, low cost control improvements sought if possible

**Threat Response:** Avoid, Reduce, Fallback, Transfer, Accept, Share

**Opportunity Response:** Enhance, Exploit, Reject, Share

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
1 BUDGET & RESOURCES											
1/001		<u>Full Business Case Consultant Budget</u>  Time taken to complete business case longer than expected due to limited information available from HS2 resulting in higher than originally estimated number of queries received from business case appraisal team.	2	4	High	BCC	<b>Threat Response:</b> Reduce  Additional resources to be drawn from contingency budget.	1	4	Med	Nick Matthews Project Manager
1/002		<u>Cost Consultant Budget</u>  Unexpected additional work required to independently assure updated HS2 cost estimates.	2	2	Med	BCC	<b>Threat Response:</b> Reduce  Additional resources to be drawn from contingency budget.	1	2	Low	Nick Matthews Project Manager

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
1/003		<b><u>Contract Bids Exceed Expectations</u></b> Contractor tender return bids higher than predicted and exceed GBSLEP funding allocation for public realm projects.	4	2	Med	BCC	<b>Threat Response:</b> Fallback Drop one or more of the Curzon Public Realm projects to remain affordable.	3	2	Med	Nick Matthews Project Manager
1/004		<b><u>Insufficient Staffing</u></b> Delays due to staff leaving, lack of available qualified staff to manage project.	2	2	Med	BCC	<b>Threat response:</b> Reduce Multidisciplinary team established to cover all relevant aspects of the project. Project Board established made up of key officers to maintain oversight and ensure there is no single point of failure.	2	1	Low	Nick Matthews Project Manager
1/005		<b><u>Cost at FBC is higher than the OBC</u></b> Following procurement the cost of the works from the successful bidder is higher than set out in the OBC	3	2	Med	BCC/HS2	<b>Threat response:</b> Reduce A high level of contingency has been built into the OBC cost to mitigate the risk of the cost at FBC being higher. <b>Threat response:</b> Fallback If the cost is higher then measures such as reducing the scope of works will be explored.	2	1		Nick Matthews Project Manager and HS2 Project Team

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
1/006		<p><b><u>Cost overruns</u></b></p> <p>Project costs exceed those outlined in the RIBA 3 estimate.</p>	3	2	Med	BCC/HS2	<p><b>Threat response:</b> Reduce</p> <ol style="list-style-type: none"> <li>1. Negotiations with HS2 to share responsibility are underway. The cost estimates produce as part of the RIBA 3 Design have undergone independent appraisal. These estimates include a 40% contingency which is above the industry standard approach for this type of project, to reflect the complexities of delivering the works as part of a much larger scale project.</li> <li>2. Following procurement the FBC will be prepared, which will include the final cost from the successful contractor. Based on the contractor's programme and risk strategy HS2 and BCC will agree which costs could be fixed, with appropriate contingencies, and which will be shared individually or jointly by the relevant organisation.</li> </ol> <p><b>Threat response:</b> Fallback</p> <p>De-scoping works could be explored.</p>	2	1	Low	Nick Matthews Project Manager and HS2 Project Team

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								Impact	Probability	Score	
1/007		<u>Insufficient resources to deliver FBC</u>  Unable to appoint consultant to deliver GBSLEP Full Business Case because quotes exceed budget.	4	2	Med	BCC	<b>Threat response:</b> Reduce  Thorough assessment of costs needed to produce FBC has been made and a significant amount of work has already been completed which has helped identify resources required to complete the work.	4	1	Med	Nick Matthews Project Manager
1/008		<u>Inadequate Contingency</u>  The complex nature of the project presents a potential risk of unforeseen issues arising.	3	2	Med	BCC	<b>Threat response:</b> Reduce  The cost estimates produce as part of the RIBA 3 Design includes a 40% contingency. This is above the industry standard approach for this type of project to reflect the complexities of delivering the works as part of a much larger scale project.	2	1	Low	Nick Matthews Project Manager
1/009		<u>Inadequate allowances</u>  Allowances made for inflation, fees, Network Rail costs, etc. are insufficient and these costs exceed estimates.	3	1	Med	BCC	<b>Threat response:</b> Reduce  Costs identified at this stage have been forecast above industry-standard standard values to allow for worst-case scenario.	1	1	Low	Nick Matthews Project Manager
<b>2 PROCUREMENT &amp; CONTRACT MANAGEMENT</b>											
2/001		<u>HS2 Procurement Transparency</u> <ul style="list-style-type: none"> <li>HS2 have revised their strategy for procurement and are now proceeding with a two-stage tender process.</li> </ul>	2	2	Med	BCC	<b>Opportunity Response:</b> Exploit  The revised approach to procurement is a positive outcome for the Council. The collaborative nature of this method provides BCC with greater input into the development of its public realm projects, where influence would	2	1	Low	Nick Matthews Project Manager

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		<ul style="list-style-type: none"> <li>Without knowing the detail of what each stage will look like, there remains a risk that BCC could be limited in sight of the criteria or ability to make representations, which may compromise BCC's requirement to evidence value for money.</li> </ul>					<p>previously have been limited. It also provides much greater certainty over risk allocation, programme and costs.</p> <p><b>Threat Response:</b> Transfer</p> <p>If issues remain regarding involvement and transparency of the procurement process then the issue should be escalated to the Corporate Director and HS2 Growth Delivery Board.</p>				
2/002		<p><b><u>Limited Information</u></b></p> <p>HS2 unable to share a programme risk register that includes key financial mitigation measures and a risk plan with risk management approach.</p>	2	3	Med	BCC/HS2	<p><b>Threat Response:</b> Reduce</p> <p>Ongoing partnership working with HS2 through work stream cross-organisational Working Groups and the Project Board to obtain a high level risk plan that HS2 is able to share.</p>	2	1	Low	Nick Matthews Project Manager and HS2 Project Team
2/003		<p><b><u>Unable to Secure Contractor</u></b></p> <p>No suitable tender bids submitted in response to HS2's Invitation to Tender (ITT).</p>	4	3	High	HS2	<p><b>Threat response:</b> Reduce</p> <p>HS2 have revised their procurement strategy and will now be undertaking a two-stage tender process. This reduces the burden on tenderers and increases the attractiveness of bidding for the contract. These works form part of a national significant infrastructure project which will generate wide international interest from Tier 1 contractors to secure the contract.</p>	3	1	Med	HS2 Project Team

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2/004		<u><b>Plant and Resources</b></u> Extensive construction works taking place in the wider Birmingham city region. There is a risk that there may be a lack of availability within the market for construction plant and sufficiently qualified human resources to undertake the project	4	2	High	HS2	<b>Threat response:</b> Reduce Works will be undertaken by a Tier 1 contractor that will have a robust supply chain for available resources required.	4	1	Med	HS2 Project Team
2/005		<u><b>Contractor Liquidation</b></u> Appointed contractor unable to complete the works due to financial difficulties.	4	1	Med	HS2	<b>Threat Response:</b> Fallback Appoint another Tier 1 contractor with adequate supply chain and resources to take on the contract and continue the works.	2	1	Low	HS2 Project Team
2/006		<u><b>HS2 Project Cancelled</b></u> There is a risk that a change in government could cancel the wider HS2 project as a whole.	4	1	Med	HS2	<b>Threat Response:</b> Accept Legislation in place to deliver project and significant progress has already been made, therefore unlikely this outcome will occur.	4	1	Med	HS2 Project Team
<b>3 SUPPORT AND ENGAGEMENT</b>											
3/001		<u><b>GBSLEP</b></u> Failure to fully engage with GBSLEP leading to a lack of support and delay/refusal of EZ Funding	4	3	High	BCC	<b>Threat Response:</b> Reduce 1. GBSLEP have approved Outline Business Case 2. Early and ongoing engagement of GBSLEP and their appointed appraisal consultant in the development of the Full Business Case.	3	1	Med	Nick Matthews Project Manager

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
3/002		<b>Politicians</b> Failure to engage Councillors and Cabinet Members leading to a high volume queries resulting in a delay in obtaining cabinet approval.	4	3	High	BCC	<b>Threat Response:</b> Avoid  Early consultation and ongoing engagement with Councillors and Cabinet Members. Briefing sessions with Cabinet Members following design maturity.	2	1	Low	Nick Matthews Project Manager
4		<b>PROJECT PROGRAMME</b>									
4/001		<b>Deadlock</b>  Programme delay due to a deadlock in agreeing the final detailed contractual arrangements, including responsibility for cost overruns.	3	2	Med	BCC/HS2	<b>Threat Response:</b> Reduce  Following outline business case approval, agree Heads of Terms with HS2 for negotiating final contract including pain/gain share.	2	1	Low	Nick Matthews Project Manager and HS2 Project Team
4/002		<b>HS2 Programme</b>  Slippage in HS2's procurement and/or planning submission programme may require additional legal, commercial and planning resources from both BCC and HS2. This may incur additional costs.	3	2	Med	HS2	<b>Threat Response:</b> Reduce  Ongoing partnership working with HS2 through work stream cross-organisational Working Groups and the Project Board.	2	1	Low	HS2 Project Team

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
4/003		<p><b><u>Approval Timescales</u></b></p> <p>Following HS2's revision of their procurement strategy (see risk 2/001), their timescales for appointing a contractor have now changed. The target price will not be fixed until the end of stage 1, but there are currently no details on how long stage 1 will take to complete and we are therefore as yet unable to determine when the Full Business Case will be submitted for approval.</p>	3	3	High	BCC	<p><b>Threat Response:</b> Reduce</p> <p>Ongoing partnership working with HS2 through work stream cross-organisational Working Groups will keep officers informed of any updates to the procurement timetable.</p>	3	1	Med	Nick Matthews Project Manager
5 GBSLEP FULL BUSINESS CASE APPROVAL											
5/001		<p><b><u>Full Business Case Completion</u></b></p> <p>Full Business Case not approved by GBSLEP due to failure to address red flags raised in appraisal of Interim Business Case.</p>	4	3	High	BCC	<p><b>Threat Response:</b> Reduce</p> <ol style="list-style-type: none"> <li>1. Business case consultant fully engaged with GBSLEP and appraisal consultant to address key issues.</li> <li>2. Ongoing partnership working with HS2 through work stream cross-organisational Working Groups and the Project Board.</li> </ol>	4	1	Med	Nick Matthews Project Manager
6 DELIVERY STAGE											



Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
6/001		<p><b><u>Planning Permission</u></b></p> <p>Planning permission refused or extended. This could cause delays to the programme and may incur additional planning fees from HS2.</p>	4	2	High	HS2	<p><b>Threat Response:</b> Reduce</p> <p>Prior to formal pre-application discussions, BCC Planning officers have been engaged early on in the design development process and this close working has continued into the formal pre-app process.</p>	3	1	Med	HS2 Project Team
6/002		<p><b><u>Maintenance Arrangements</u></b></p> <p>Strategy for agreeing maintenance responsibilities and arrangements not agreed. If agreement cannot be reached, the Business Case will state that unless alternative arrangements are made, BCC are responsible for any maintenance arising from the projects. This approach may not be approved by BCC Cabinet.</p>	3	3	High	BCC/HS2	<p><b>Threat Response:</b> Reduce</p> <p>Discussions are ongoing between HS2 and BCC to identify alternative funding sources. The issue has been escalated and senior officers are aware of the implications.</p>	3	2	Med	Nick Matthews Project Manager and HS2 Project Team
6/003		<p><b><u>Unidentified Ground Constraints</u></b></p> <p>There is a risk that the ground conditions encountered are not as anticipated.</p>	3	1	Med	HS2	<p><b>Threat Response:</b> Reduce</p> <p>Enabling works underway and will be completed prior to construction of public realm.</p>	2	1	Low	HS2 Project Team

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
6/004		<b><u>Works Deviate from Specifications</u></b> There is a risk that detailed designs may deviate from those agreed at DAL 5.	3	1	Med	BCC/HS2	<b>Threat Response:</b> Reduce Design work has been undertaken in close collaboration between HS2, Station Designers, and BCC officers and the specification of works set out in the ITT will reflect these agreed designs.	2	1	Low	Nick Matthews Project Manager and HS2 Project Team
6/005		<b><u>Brexit</u></b> This may impact on ability to recruit qualified staff and acquire the necessary materials for construction.	4	2	Med	HS2	<b>Threat Response:</b> Reduce Major contractors will have extensive Brexit contingencies in place and this will be identified during procurement process.	1	2	Low	HS2 Project Team
6/006		<b><u>Unchartered services</u></b> There is a threat that previously unidentified utilities services may be encountered during construction works, causing a delay to delivery.	3	1	Med	HS2	<b>Threat Response:</b> Reduce The enabling works are currently underway which will identify the location of services across the site and will be completed prior to construction of the public realm.	2	1		HS2 Project Team
6/007		<b><u>Adverse weather</u></b> There is a threat that adverse weather conditions may impact on the ability to carry out works, causing a delay to delivery.	3	3	High	HS2	<b>Threat Response:</b> Reduce An allowance will be built into construction programme for exceptional weather and allow for an additional programme contingency.	2	3	Med	HS2 Project Team

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
6/008		<p><b><u>Integration of Metro</u></b></p> <p>There is a threat that delivering an integrated programme for the West Midlands Combined Authority Tram at Curzon St Station, is more onerous and complex than anticipated</p>	3	2	Med	HS2/WMCA	<p><b>Threat response:</b> Reduce</p> <p>Close working arrangements between HS2 and WMCA are already in place. Both projects are at similar levels of design and potential interface issues have been recognised and are being resolved.</p>	2	1	Low	HS2 Project Team
6/009		<p><b><u>Failure to Engage Stakeholders</u></b></p> <p>Failure to fully engage stakeholders could result in high numbers of queries and objections resulting in a delay to the programme.</p>	2	2	Med	BCC/HS2	<p><b>Threat Response:</b> Reduce</p> <p>HS2 have dedicated engagement team in place and measures are already in place to engage stakeholders on a regular basis. This will continue throughout the project.</p>	1	1	Low	Nick Matthews Project Manager and HS2 Project Team
6/010		<p><b><u>Unidentified 3<sup>rd</sup> Party Ownerships</u></b></p> <p>Unidentified landownerships delay delivery impact on ability to complete the works</p>	3	2	Med	HS2	<p><b>Threat Response:</b> Avoid</p> <p>All land required for development has been identified through the legislative process and therefore the risk is now minimal.</p>	1	1	Low	HS2 Project Team

Risk ID	Proximity	Detailed Description	Impact	Probability	Score	Owner	Risk Response and Mitigation Measure	Residual Risk			Action by
								Impact	Probability	Score	
6/01 1		<p><b><u>Lack of Information Sharing</u></b></p> <p>There is a risk of non-timely receipt of requested information of data, drawings, specifications, exclusions, working restrictions from HS2/WMCA/other third parties causing delays.</p>	3	2		HS2/WMCA	<p><b>Threat response:</b> Reduce</p> <p>Close working arrangements between HS2 and WMCA are already in place. Both projects are at similar levels of design and potential interface issues have been recognised and are being resolved.</p>	2	1		Nick Matthews Project Manager and HS2 Project Team
6/01 2		<p><b><u>Security Measures</u></b></p> <p>There is a risk that the proposed security measures within the public realm are not approved by HS2 security teams.</p>	2	2		HS2	<p><b>Threat response:</b> Avoid</p> <p>The current level of design maturity has incorporated extensive input from HS2's security team. It is not anticipated that further issues will arise during the detailed design phase.</p>	1	1		HS2 Project Team
6/01 3		<p><b><u>Access to Site</u></b></p> <p>There is a threat that there will be frustrated access to the station worksite due to adjacent third party construction works restricting access.</p> <p>Road closures may not be completed ahead of public realm construction works.</p> <p>Utilities companies could make additional requests for protective works.</p> <p>An unannounced party may request access to the site.</p>	2	2		HS2	<p><b>Threat response:</b> Avoid</p> <p>During the detailed design phase, the appointed contractor will identify all third party developments that may impact on the delivery of the Public Realm projects and mitigate accordingly.</p>	1	2		HS2 Project Team

6/01 4		<b>Noise Restrictions</b>  There is a threat that there will be noise restrictions during the construction works which may affect the sequencing and phasing of the works.	2	2		HS2	<b>Threat response:</b> Reduce  This will be addressed by the appointed contractor during detailed design phase.	1	2		HS2 Project Team
6/01 5		<b>Presence of unexploded ordnance (UXO)</b>  There is a threat that an UXO may be present in the site.	2	2		HS2	<b>Threat response:</b> Avoid  Early works are underway to remediate the site. Any further issues will be responsibility of contractor.	1	2		HS2 Project Team
6/01 6		<b>Adoption of new/revised highways not agreed</b>  The proposed access road to the car-park and station service road is not approved by BCC for adoption, and HS2 wanted it adopted so that utility diversions fall within Highway Maintainable at Public Expense.  Curzon Street access and turning heads etc. at Woodman PH to be agreed  Fazeley Street servicing access and vehicle waiting area  Andover Street - servicing of Gun Barrel Proof House	4	4		HS2	<b>Threat response:</b> Reduce  HS2 are reviewing:  1. Potential to keep road private and seeking wayleaves with utility companies; 2. Potential alternative utility route to be explored.  BCC and HS2 are discussing requirements, impact on other traffic and land needed for turning head for vehicles that cannot access through bollards	3	2		HS2 Project Team

6/01 7		<p><b><u>Stopping up not granted for New Canal Street</u></b></p> <p>There is a risk that the closure of New Canal Street is not completed in a timely manner to enable the commencement of construction works. HS2 cannot use current powers and the s247 TCPA application process appears to require a bespoke planning submission and approval.</p>	3	2		BCC/HS2	<p><b>Threat response:</b> Reduce</p> <ol style="list-style-type: none"> <li>1. Discussions are already underway between BCC Transportation &amp; Highways officers, DfT and HS2 to understand how best to implement the closure of New Canal Street under TCPA.</li> <li>2. A TRO that restricts access may be an alternative possibility but would require BCC Highways approval to have an adopted road within the station confines, under the station and viaduct structures – see risk 6/016 above.</li> </ol>	2	1		Nick Matthews Project Manager and HS2 Project Team
6/01 8		<p><b>RISK CLOSED</b></p> <p><b><u>Photovoltaics (PV)</u></b></p> <p>There is a risk that the requirement for PV to achieve zero carbon and BREEAM ratings could impact the public realm design.</p>	3	2		HS2	<p><b>Threat response:</b> Reduce</p> <p>This is to be resolved during the Schedule 17 Planning approvals process.</p>	1	1		HS2 Project Team
6/01 9		<p><b><u>Old Curzon Street Station (OCSS)</u></b></p> <p>There is a risk that maintaining access to OCSS during the construction of the public realm may be more onerous than initially anticipated.</p>	1	2		HS2	<p><b>Threat response:</b> Reduce</p> <p>This is to be resolved at the detailed design stage.</p>	1	1		HS2 Project Team

6/02 0		<p><b><u>Arts Strategy</u></b></p> <p>There is a risk that the site-wide Arts Strategy impacts on the public realm design.</p>	1	2		HS2	<p><b>Opportunity Response:</b> Exploit</p> <p>The details of the Arts Strategy will be determined at planning and detailed design stages. Any additional requirements would only be accepted on the basis that they enhance the existing scope of works.</p>	1	1		HS2 Project Team
<b>7 BENEFITS</b>											
7/00 1		<p><b><u>Vacancy Rates</u></b></p> <p>Reduction in vacancy rates not as high as forecast.</p>	2	2		BCC	<p><b>Threat response:</b> Avoid</p> <p>Detailed assessment of the impacts of the Public Realm projects has been undertaken and identified achievable reductions in vacancy rates. Significant new development is already in the pipeline on the basis of HS2 being delivered in 2026.</p>	1	1		Nick Matthews Project Manager

7/00 2		<p><b><u>New Jobs</u></b></p> <p>Level of new jobs created is not as high as forecast due to lower levels of development, for example HS2 commercialisation scheme not being delivered.</p>	2	2		BCC	<p><b>Threat response:</b> Avoid</p> <p>Detailed assessment of the impacts of the Public Realm projects has been undertaken and identified achievable job creation. There are development opportunities within close proximity to the public realm which offer significant potential for new jobs.</p>	1	1		Nick Matthews Project Manager
7/00 3		<p><b><u>Land Value Uplift</u></b></p> <p>Uplift in land values not as high as forecast.</p>	2	2		BCC	<p><b>Threat response:</b> Avoid</p> <p>Detailed assessment of the impacts of the Public Realm projects has been undertaken and identified realistic achievable land values. HS2 is a major national infrastructure project which is already generating significant interest in land surrounding the public realm.</p>	1	1		Nick Matthews Project Manager



Financial Year:	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
Capital code:												
<b>CAPITAL EXPENDITURE</b>												
Construction & Design costs	£ 1,197,142				£	5,600,000	£ 11,500,000	£ 5,785,000				£ 24,082,142
Other costs to complete:												
Commercial & Legal	£ 30,000	£ 30,000	£ 30,000	£ 30,000	£ 30,000	£ 10,000	£ 10,000					£ 140,000
Planning & Design	£ 15,000	£ 15,000	£ 15,000	£ 15,000	£ 15,000	£ 15,000	£ 15,000	£ 15,000				£ 105,000
BCC Project Management	£ 25,752	£ 40,000	£ 40,000	£ 19,000	£ 10,000							£ 134,752
Acivico	£ 50,000	£ 45,857	£ 45,857	£ 20,000	£ 20,000	£ 45,857	£ 45,857	£ 47,572				£ 321,000
NR		£ 25,000	£ 25,000	£ 25,000	£ 25,000	£ 25,000	£ 25,000	£ 1,000,000				£ 1,150,000
HS2	£ 172,618	£ 66,907										£ 239,525
Contingencies												
<b>Total capital expenditure</b>	<b>£ 1,445,512</b>	<b>£ 222,764</b>	<b>£ 155,857</b>	<b>£ 109,000</b>	<b>£ 100,000</b>	<b>£ 5,695,857</b>	<b>£ 11,595,857</b>	<b>£ 6,847,572</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ 26,172,419</b>
<b>CAPITAL FUNDING:</b>												
Development costs funded by:												
[please itemise]												£ -
												£ -
Other costs funded by:												
GBSLEP Enterprise Zone	£1,445,512	£ 222,764	£ 155,857	£ 109,000	£ 100,000	£ 5,695,857	£ 11,595,857	£ 6,847,572	£ -	£ -	£ -	£ 26,172,419
												£ -
												£ -
<b>Total capital funding</b> <i>must fund all the costs</i>	<b>£ 1,445,512</b>	<b>£ 222,764</b>	<b>£ 155,857</b>	<b>£ 109,000</b>	<b>£ 100,000</b>	<b>£ 5,695,857</b>	<b>£ 11,595,857</b>	<b>£ 6,847,572</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ 26,172,419</b>

Financial Year:	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total	Lifetime Total
Revenue code:													
<b>REVENUE CONSEQUENCES</b>													
Revenue costs during project delivery:													
[please itemise]												£ -	
												£ -	
Operating period expenditure:													
Maintenance								£ 60,000	£ 60,000	£ 60,000	£ 180,000		£2,400,000
												£ -	
												£ -	
												£ -	
Less income:													
[please itemise]												£ -	
												£ -	
Less proposed savings												£ -	
<b>Net revenue consequences</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ 180,000</b>	<b>2,400,000</b>
<b>REVENUE FUNDING:</b>													
Current budget provision								£ 60,000	£ 60,000	£ 60,000	£ 180,000		
Other revenue resources identified:												£ -	
[please itemise]												£ -	
												£ -	
<b>Total revenue funding</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>	<b>£ 60,000</b>	<b>£ 60,000</b>	<b>£ 60,000</b>	<b>£ 180,000</b>		<b>£2,400,000</b>

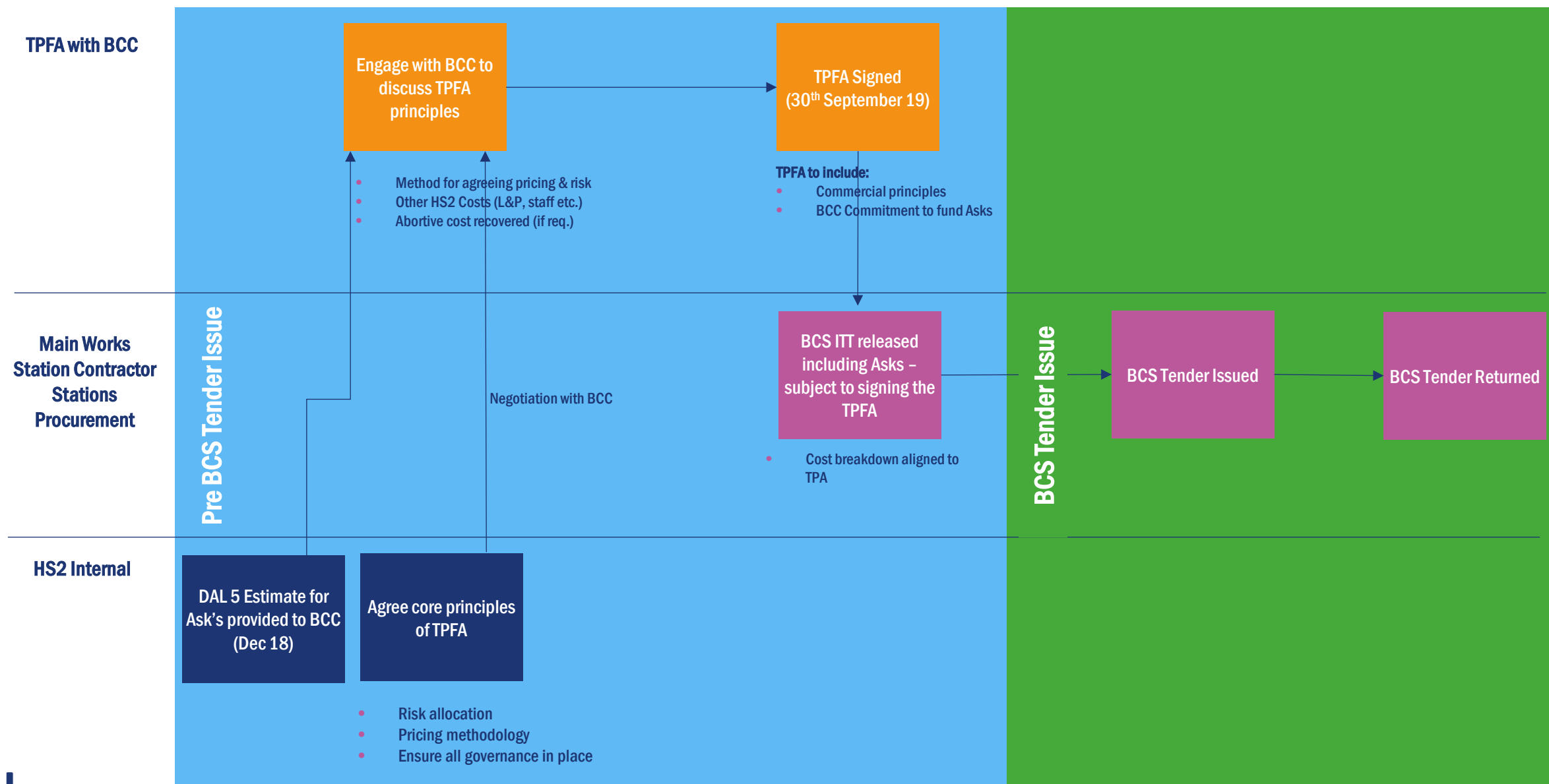
Notes

2018/19 Costs already approved by the GBSLEP  
Approval for 2019/20 costs to develop the FBC is requested through the OBC  
2023-2026 Construction and design costs are as per the HS2 estimate of £22.885m included within Appendix I  
BCC Project Management Costs for 2020/21-2025/26 total £494k

# BCC Asks

**TPA Agreement, Sharing of Full Business Case (FBC) Information and Change Management**

# BCC Third Party Funded Agreement Flow Diagram



# BCC FBC Information Shared Post MWSC Award

TPFA with BCC

Main Works  
Station Contractor  
Stations  
Procurement

BCS Tender Issue

BCS Tender  
Assessment

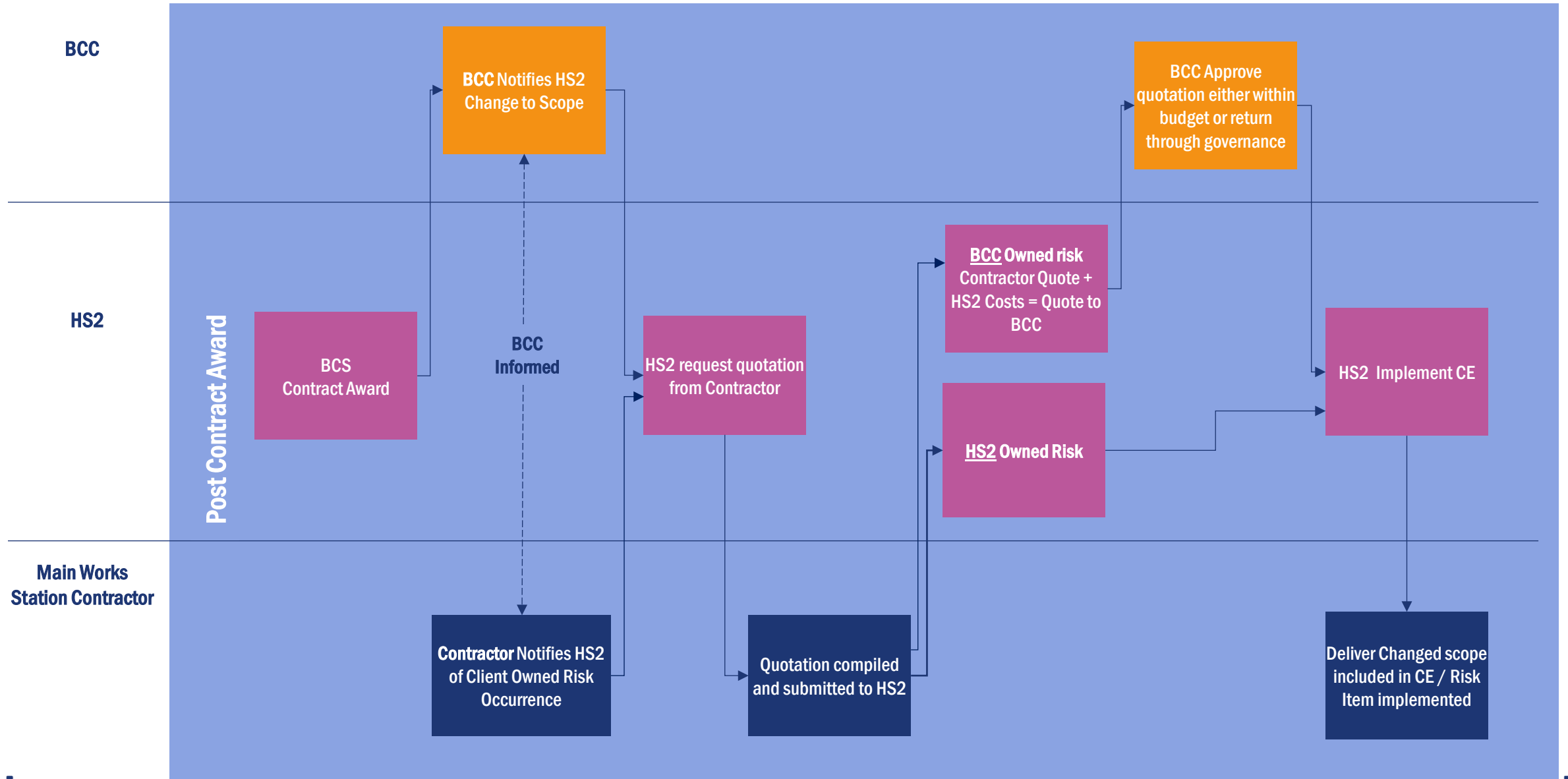
BCS Contract Award

MWSC Stage 1

Confirm Ask's with  
BCC, Price Scope &  
Risk Allocation Agreed

BCC FBC approved  
and TPFA Updated

# How change management may work in MWSC



# **Main Works Station Contract (MWSC) Pricing Strategy for activity relating to the BCC 'Asks' at Birmingham Curzon St Station**

**Asks – Curzon Promenade, Curzon Square and Paternoster Place**

May 2019

# Key Considerations

## Pre-contract

- DfT guidance to HS2 is that all costs for third party work is to be recovered from the third party in advance
- Determination and management of the costs for Asks needs to be straightforward, the contracting strategy needs to provides a mechanism of cost recovery of 3<sup>rd</sup> party expenditure that is practicable
  - Due to similarity of scope the MWSC may not be able to accurately assign costs between core scope and some Asks
  - Where discrete work packages and/or material orders are clearly solely for 3<sup>rd</sup> party work it maybe possible to disaggregate these costs.
- In emerging cost scenarios the complexity (difficult to manage) of Pain/Gain Share needs to be assessed.
- Where specific costs attributable to the asks are incurred, they should be identified and recovered including but not limited to;
  - NWR Possession management charges
  - L&P costs
  - Other NWR Asset Protection Agreement related charges, and
  - HS2 indirect costs associated with these.
- Aim is to ensure that BCC are informed and engaged throughout the process

# Pricing Strategy Proposal

## Pre MWSC ITT Issue

- BCC commit to funding based on DAL 5 estimate for Asks & sign up to Third Party Funding Agreement

## Stage One

- MWSC 9 month period to develop an agreed price for the asks and detail required for the FBC

## Stage Two Price made up of:

Tendered Direct  
Construction Costs

+

HS2 Management Costs

+

Construction Risk

- In Addition there will be an allocation of BCC and HS2 owned risks e.g NWR risk will be passed to BCC
- At tender award MWSC would be responsible for producing an appropriate risk register for all 'Asks' and this may identify additional risks that would be owned and funded by BCC



# Next Steps;

- HS2 to fully endorse the recommendation and ensure that this flows through the procurement process and can be managed throughout the lifetime of the contract.
- HS2 to demonstrate compliance with HS2 and DfT guidance and gain authority for any departures
- HS2 develop drafting of agreement to secure BCC funding commitment
- Sign Agreement by 29<sup>th</sup> November 2019