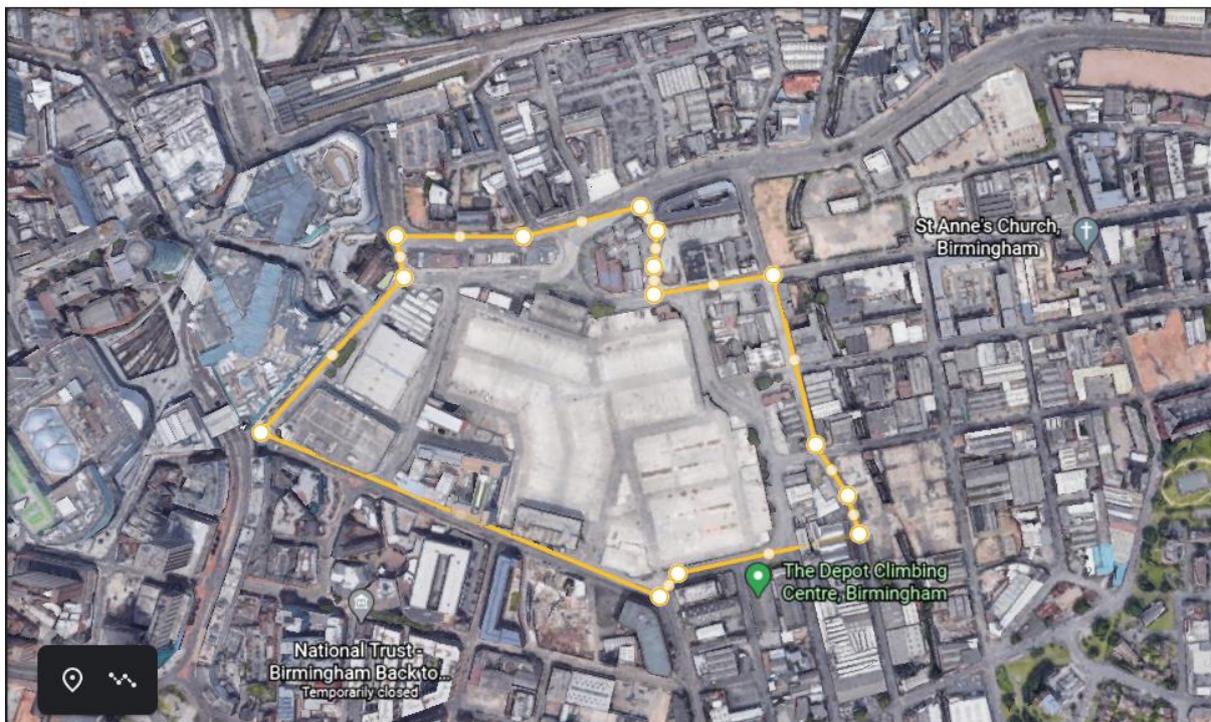


**Smithfield, Birmingham – summary briefing note for ECONOMY, SKILLS & TRANSPORT
O&S COMMITTEE
23rd September 2020**

Introduction + Background

In September 2016, Cabinet approved the Birmingham Smithfield Masterplan which sets out the vision to transform the former wholesale markets site in the city centre. The site totals 17 hectares. The vision for Birmingham Smithfield is to create a new destination in the heart of the city centre including new cultural and leisure attractions, vibrant retail markets and spaces for new and existing businesses, as well as a residential neighbourhood with a high quality public realm and integrated public transport links to the wider city centre.

Smithfield Development Site Red Line Boundary Area



Due to the scale of the redevelopment, the City Council resolved to introduce a development partner to bring appropriate private sector funding and expertise to deliver the re-development of the site.

In July 2017, Cabinet approved the Procurement Strategy to procure a Development Partner through the Official Journal of the European Union (OJEU) Competitive Dialogue procedure. In August 2017, the procurement process formally commenced with the submission of a Contract Notice to the Official Journal of the European Union (OJEU).

Four bidders were shortlisted to participate in Competitive Dialogue. Dialogue with bidders closed in July 2018 and bidders were then invited to submit final tenders.

The Final Tender Submission and Evaluation stage was completed, and one bidder put forward to the Preferred Bidder Stage.

A Strategic Outline Business Case was developed to support the evaluation of tenders that provided a high-level assessment of the benefits, costs and deliverability of the final tenders against the strategic business needs of delivering Birmingham Smithfield. It provided a preliminary justification for selecting the Preferred Development Partner/Bidder to work with the City Council to develop a viable Business Plan and Full Business Case that achieves optimum affordability and value for money.

The preferred bidder is Lendlease, with whom the Council is currently in negotiation ahead of an anticipated contract award late 2020, early 2021.

Outline Masterplan

Birmingham City Council's original masterplan was refined at preferred bidder stage, and this will continue through planning stage. The scheme purposes to include:

- New Markets –comprising a new market building replacing the three existing ones;
- A new Leisure attraction
- Retail, commercial and office space
- A new hotel
- Residential accommodation – comprising circa. 2,900 units across a range of tenures including affordable housing – 10% assumed.
- Community facilities such as a new school and creche
- A new cultural building along with a Festival Square.
- Associated Public Realm – including public spaces and civic squares;
- Transport linkages – integrated public transport around the creation of a central boulevard, reconfigured streets and
- High-quality IT infrastructure and connectivity.

The approach to the development is centred around realising key components that underpin Birmingham City Council's vision of Smithfield, whilst also delivering viability. The scheme is envisaged to be delivered over Four phases.

Business case

In December 2019, an Outline Business Case (OBC) was submitted to Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) with the aim of securing a commitment to gap funding. This gap funding is required to achieve viability of the Smithfield project. It was anticipated that GBSLEP would approve the OBC application by Quarter 2 2020 which, in turn, would facilitate execution of a development agreement (Joint Venture Agreement - JVA) between the Council and Lendlease by June 2020.

The introduction of the Commonwealth Games onto the site in 2022 has meant that the parties have had to review the development programme, but the parties have informally

agreed to seek to enter into contract (joint venture agreement) by the end of 2020/early 2021. In order to achieve that, the parties (including GBSLEP) have agreed to review the business case requirements with GBSLEP and re-present the business case with additional information to secure an in-principle allocation of EZ funding.

Commonwealth Games

Birmingham is hosting the Commonwealth Games in the Summer of 2022 and part of the Smithfield site, where the former wholesale markets were located, has been identified as a venue to host two of the Games events, Beach Volleyball and 3x3 Basketball. The commencement of the early enabling works in Spring 2021 will enable the Commonwealth Games Organising Committee to take possession of the site early in 2022 and prepare the site for use as a venue during the Games. The site will be handed back to Birmingham City Council in Autumn 2022 ahead of the commencement of the first phase of works (development) on site.

Engagement with Stakeholders

The Council has commenced the process of engagement with potentially affected parties – most notably the traders who will be displaced in order to facilitate the early enabling works scheduled to take place in 2021. Council officers are seeking to work with the traders to identify new locations in order that they can continue trading until their lease expiry dates. Regular dialogue between council officers and the traders is taking place and as the scheme evolves this process will continue with all other potentially affected parties.

Supporting the Council's Social Value Commitments - Employment and Skills Opportunities

Lendlease's commitment to supporting the Council's Social Value commitments are set out in the Business Plan which forms part of the Joint Venture Agreement.

The Council will also ensure that throughout the phases of the development there is compliance with the Birmingham Business Charter for Social Responsibility by all contractors involved in the scheme and this approach will form an important part of the criteria for all contract tenders, with a requirement for all tenders to include the submission an action plan with their tender that will be evaluated in accordance with the agreed procurement strategy.

The action plan of the successful tenderers will be implemented and monitored during the contract period. Employment and Training outcomes will be maximised for local people by prioritising Birmingham's homeless, those not in education or training (NEET) and job-seeking residents. In addition, practical support shall also be targeted to local projects and community groups that provide services to these specific groups.

Next Steps

1. Complete business case (revised) submission to GBSLEP for consideration their next Board meeting on the 7th October 2020.
2. Discuss the process in 1 with GBSLEP and its advisers to define a 'road map' to satisfy Business case stage gates (to Final Business Case) by end September.
3. Review financial position and identify any associated legal risks (and quantify).

4. Inform stakeholders of outturn of 1 to 3 above and timeline required to define risks – assuming reporting from mid-October to Boards/Cabinet in December.
5. Close down drafting of legal agreements and track any emerging changes relative to the financial position.