

Birmingham Road Site - Delivery Strategy

Report of the Cabinet Member responsible for Major Projects

Date: 8th February 2022

Agenda Item: 6

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Key Decision? YES

Local Ward Stowe Ward

Members

Councillor Angela Lax

Councillor Jeyan Anketell

Councillor Colin Greatorex



CABINET

Appendix A – Summary of Soft Market Testing Meetings for the Birmingham Road Site is restricted by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

1. Executive Summary

- 1.1 Following the approval of the Lichfield City Centre Masterplan in 2020, Lichfield District Council (LDC) is bringing forward its ambition to redevelop the Birmingham Road Site (BRS) in Lichfield. The Council has aspirations for a mixed use scheme for the site, including residential, office space, food & beverage (F&B) units / leisure and cinema uses. The Council has tested these aspirations with the development industry (through a soft market testing exercise), with positive and supportive results. A confidential summary of the findings from the soft market testing meetings can be found in **Appendix A**.
- 1.2 The Council is now keen to bring this key anchor site forward quickly for delivery, especially as the site is a key component of the masterplan for the development of Lichfield's city centre. The procurement and delivery approach recommended is to develop the site in a multi-phased, multi-zoned approach, enabling different parts of the site to be brought forward quickly, and delivered either concurrently or in parallel. This should accelerate delivery times and reduce overall scheme development costs.
- 1.3 The Council will now need to commission and complete a series of studies and surveys to inform and initiate the development works to bring the site forward.

2. Recommendations

- 2.1 It is recommended that Cabinet:
 - 2.1.1 agree to commit to a multi-phased, multi-zoned development approach for the Birmingham Road Site;
 - 2.1.2 delegate authority to the Cabinet Member responsible for Major Projects in conjunction with the Interim Director of Regeneration and S151 Officer, to undertake and commission the required surveys, studies and initial development activities to support delivery of this scheme within existing budgets, except for projects and programmes that need further Cabinet or Council consideration and approval.

3. Background

- 3.1 The Birmingham Road Site (BRS) is a key gateway of the city centre, covering a 2.8 hectare (7 acre) site in the heart of Lichfield city centre. The site incorporates a range of previous and existing uses, namely an operational bus station, a multi-storey car park, the former car showroom/garage site, and associated public realm and parking on the former police station site. A Map of the Birmingham Road Site and the various land parcels included within it are shown in **Figure 1**.

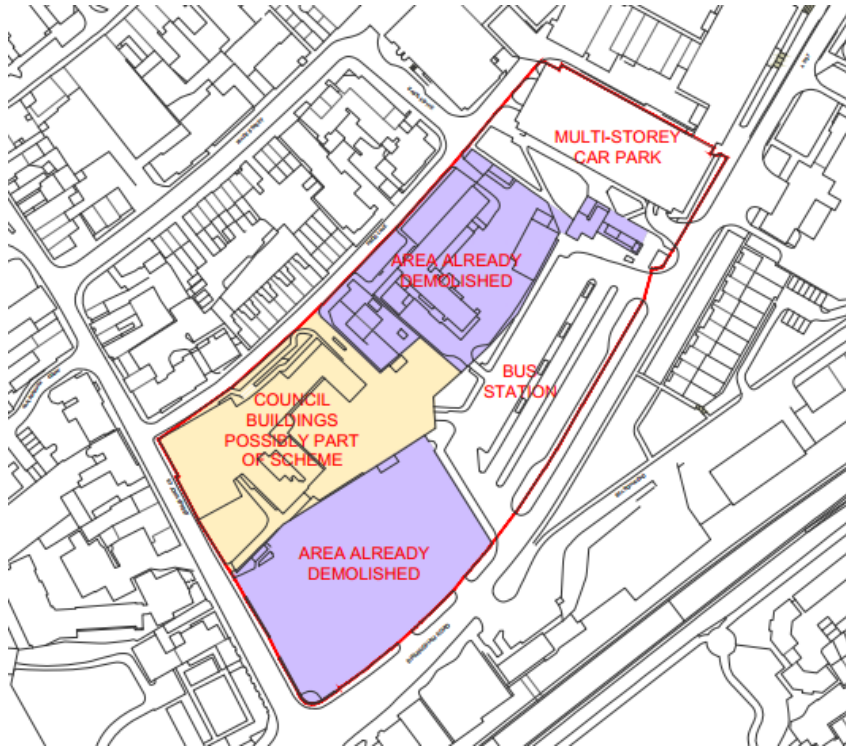
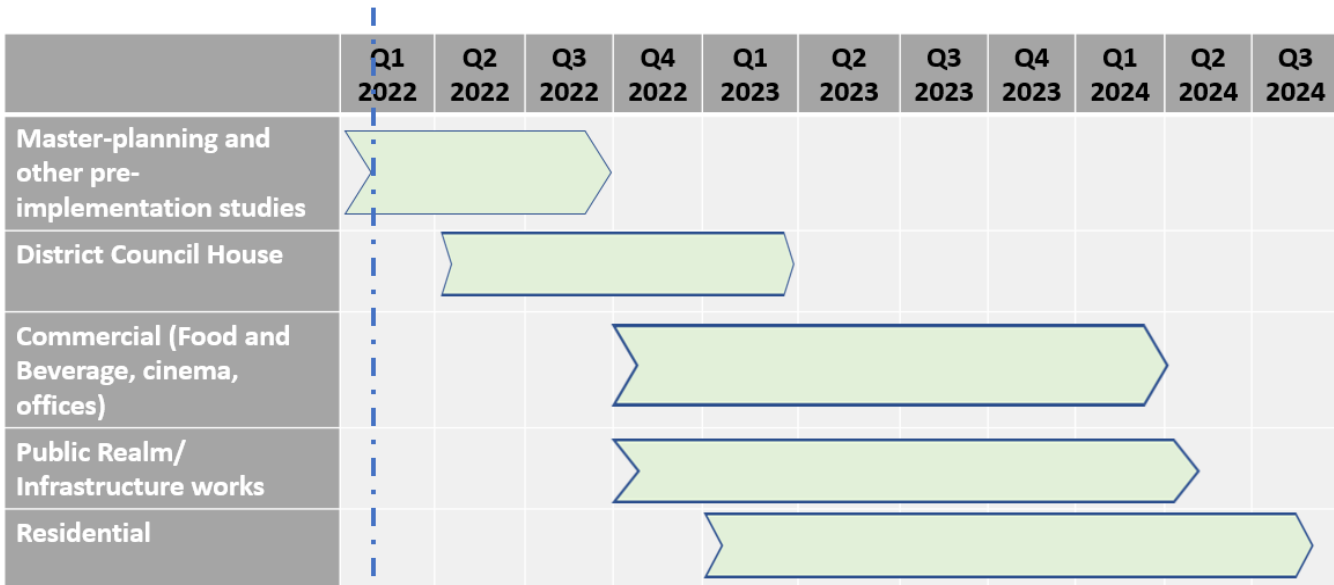


Figure 1: Map of the Birmingham Road Site land parcels

- 3.2 The Council is in the strong position of owning the land in the Birmingham Road site, so has a great opportunity in a key gateway site to extend the City centre and re-shape the landscape of the City at a time when the future of the high street is being reimagined for the 21st century.
- 3.3 The Council's aspiration is for a high quality mixed use scheme that promotes city centre diversification, extends the city centre and promotes the "Lichfield Experience". The redevelopment will support wider ambitions to provide a balance of uses that tie in with aspirations outlined in the 2020 Masterplan for a thriving, vibrant and visionary city centre.
- 3.4 Some early work was done to test if the Council's aspirations for the scheme could be included onto a layout of the site, based on a mixed use scheme comprising residential, food & beverage units, offices, a cinema, public realm and possibly a boutique hotel. The high level work suggests the Council's aspirations can be met with a viable scheme, but the exact layout of the scheme will be determined as the elements of the site are brought forward to the market, whilst ensuring that these schemes comply with the brief that will be given by the Council.
- 3.5 In order to accelerate delivery, the Council will now bring the site forward for development in a multi-phased multi-zoned approach, bringing forward discrete areas of the scheme against an overarching masterplan for the whole site.
- 3.6 The Council will lead the early activity to develop the various areas of the site and appoint specialist contractors, rather than following an approach that would otherwise wait for a "master developer" to be appointed, then appoint the specialist contractors. The procurement process to successfully appoint a preferred developer was previously expected to be a 12-18 month process, so the Council's preferred multi-phased approach could be said to accelerate the process and reduce the timescale by the same period.

- 3.7 The scheme will also allow for a policy-compliant affordable housing provision, and should encourage more residents to move into the City.
- 3.8 The approach builds on the lessons learned from the previous attempts to develop the site, but it is recognised that there are still risks involved, including the resource requirements for the Council and its advisers in playing a more prominent role in the early stage activity to bring the various parts of the site forward.
- 3.9 The chart below outlines an indicative programme, illustrating the mutli-phased, multi-zoned approach to deliver the Birmingham Road site. This will be refined and adapted as part of the Masterplanning process for the site.



- 3.10 A draft Zonal Plan for the site is also attached, as **Appendix B**. This will be amended as the Site Masterplan is refined, but gives an indication of the layout and zoning of how the site will be developed. The Site Masterplan and Zonal plan will then allow the zones to be brought forward for development as individual “parcels”, although these parcels will be coordinated and aligned with the Site Masterplan.

Soft Market Testing Process

- 3.11 The Council carried out some soft market testing (SMT) of the proposal for the site in November 2021 with the development industry, to test developers’ reaction to the proposals being put forward to develop the site. A confidential summary of the findings from the soft market testing meetings can be found in **Appendix A**.
- 3.12 In summary, all the developers engaged as part of the SMT were excited by the opportunity, and recognise the unique nature and opportunity presented by the site, especially as it is a key gateway location.
- 3.13 The proposed mix of uses were all supported by the developers. Some key comments made by developers as part of the SMT process included:
- *Developers expressed a strong preference for the site to include Council Offices in the scheme*
 - *Developers also thought it would be a good opportunity to focus on attracting Young Professionals/Young Families through the residential offer*
 - *Developers thought it was important to facilitate the flow of residents, workers and pedestrians from the development into the wider city centre*
 - *Developers recognised that further specific advice would be needed to review proposals for a “Boutique Hotel” and to support the development of a cinema on the site.*

Consultation

3.14 The Delivery and Procurement Strategy for the BRS scheme was considered by the City Centre Masterplan Task & Finish Group at a meeting held on 9th December 2021. The group raised the following comments:

- *There was support for the general mix that is proposed.*
- *Agreed that the residential part of the scheme should be targeted at the “younger/professional” market.*
- *Agreed with the % of Affordable Housing included on the scheme.*
- *It was widely agreed that parcelling the site would be a sensible approach to limit the risk of appointing a “master developer” to deliver the scheme. However, a further meeting was requested to spend more time considering the implications of a multi-phase direct delivery approach.*

3.15 A further City Centre Task & Finish Group meeting has been arranged for 2nd February 2022, to provide a further opportunity to discuss the process before the final paper is taken to Cabinet for formal decision. As this meeting will take place after the publication of this report, the Leader of the Council will be asked to summarise any further comments from the Task and Finish Group in the Cabinet meeting of 8th February 2022.

Next Steps

3.16 In order to bring forward the site under a multi-phased direct delivery approach, the Council will take the lead on initiating the necessary studies and due diligence work before directly appointing the specialist contractors required to develop the individual parts of the site, whilst still ensuring that work is completed to an overarching masterplan for the site.

3.17 Key initial activities will include:-

- updating the masterplan to coordinate activity for the multi-phased development of the site,
- a comprehensive programme delivery plan (for the site and individual elements),
- a financial plan and
- a business plan for the scheme.

3.18 The Council already has a number of studies and surveys that were created for the previous Friarsgate development. These will be reviewed to see which remain relevant, or can be updated with a little additional work. The Council will work with its advisers to develop the necessary studies and documentation to support the development process.

Alternative Options	<ol style="list-style-type: none"> 1. Cabinet could direct officers to follow an alternative procurement and delivery process. 2. Cabinet could decide to not develop the Birmingham Road Site at all.
Consultation	<ol style="list-style-type: none"> 1. The delivery and procurement strategy has been discussed with the City Centre Masterplan project board at a meeting held on the 29th November 2021 and 10th January 2022. 2. The delivery and procurement strategy has been considered by the City Centre Masterplan Task and Finish group at meetings held on the 9th December 2021 and 2nd February 2022. 3. The development opportunities on the BRS have been discussed at a Sounding Board meeting held on the 13th December 2021. 4. There will be public engagement and consultation on the formal development plans as necessary.
Financial Implications	<ol style="list-style-type: none"> 1. The multi-phased, multi-zoned approach means that the Council will take the lead on delivering studies and appointing contractors - work that would still have been needed under a different approach to develop the site using a Master Developer, but the Council will not incur the Master Developer's management charges to oversee these activities, so the process should be less costly for the Council. 2. The studies and initial development activities are expected to be funded from existing budgets, and if additional funding is required, further reports will be brought forward to Cabinet or Council as required. 3. The following approved budgets and resources are available to assist with the delivery of the Lichfield City Masterplan including the Birmingham Road Site: <ol style="list-style-type: none"> i) A budget of £330,000 to deliver the Lichfield City Masterplan was approved by Council on 13 October 2020 and received additional grant funding from the GBS LEP of £70,000 resulting in an approved budget of £400,000. ii) A budget of £650,000 to deliver the Lichfield City Centre car parking strategy was approved by Council on 14 December 2021. iii) There is currently around £490,000 of the former Multi Storey Car Park and Birmingham Road Site earmarked reserves available after providing funding for the car parking strategy and professional delivery support. This remaining funding can also be used to support further investment in delivery of the Lichfield City Masterplan line with the legal agreement approved by Cabinet on 6 October 2020 and the budget framework approved by Council. iv) Additionally, a further earmarked reserve to support Strategic Priorities and projected to be c£2,500,000 in 2022/23 has been established. This earmarked reserve subject to governance approvals can also be used to support further targeted investment.
Approved by Section 151 Officer	Yes
Legal Implications	<ol style="list-style-type: none"> 1. Any procurement processes for the studies and works will be carried out in compliance the Council's Contract Procedure rules and Public Contracts Regulation 2015. 2. A formal contract will be developed by the Council's Legal Team, appointed to support implementation of the city centre Masterplan projects, prior to starting any tender process.
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	<ol style="list-style-type: none"> 1. The Delivery and Procurement process will support the appointment of suitably experienced developers to deliver the development on the BRS. In doing so this will particularly help to support and deliver the Council's strategic objectives of shaping place and developing prosperity.

Equality, Diversity and Human Rights Implications	1. At this stage of the process there are no Equality, Diversity and Human rights implications. As the project moves through the planning and development phases these elements will be considered further to ensure the proposed development meets the needs of everyone who will be able to access it.
Crime & Safety Issues	1. At this stage of the process there are no Crime & Safety issues. As the project moves through the planning and development phases these elements will be considered further to ensure the proposed development plays a positive role in the reduction of crime and safety.
Environmental Impact	1. At this stage of the process there are no Environmental Impacts. As the project moves through the planning and development phases, environmental assessments will be carried out to ensure the proposed development reflects the Councils Climate Change agenda and plays a positive role in improving the city centre environment.
GDPR / Privacy Impact Assessment	1. There is no need for a Privacy Impact Assessment to be undertaken, and there are no GDPR implications that need to be considered based on the recommended approach.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	The Council's preferred uses for the site are not favourable to the development market. Director of Regeneration, Commercial advisors, Legal Advisors	Red	Soft Market testing has demonstrated that there is interest from developers. Site options will have to be reconsidered.	Green
B	Additional workload requirements slows down the development process. Director of Regeneration, Commissioned Partners	Red	Additional resource to be provided via additional recruitment and/or through Commissioned Partners.	Green
C	Bidder challenges appointment made. Director of Regeneration, Commissioned Partners, Legal Advisors, Procurement Team	Yellow	The procurement exercises will be carried out in line with Contract Procedure rules and best practice. LDC will seek legal advice on legal matters such as interpretation of regulations and in particular where it believes that there could be a risk of legal challenge. Any challenge received would be managed with the support of legal advisors.	Green
D	Heritage Assessment shows that the Listed Council House is not capable of conversion to a hotel or is not viable to convert. Director of Regeneration, Commercial advisors, Legal Advisors	Red	Alternative uses will need to be considered.	Green
E	Hotel demand assessment shows that there is no appetite for another hotel in the city centre. Director of Regeneration, Commercial advisors	Red	Alternative uses will need to be considered.	Green
F	Planning application is being considered for the former Angel Croft that includes a boutique hotel and that may impact on the proposal in this development. Director of Regeneration, Commercial advisors	Red	Alternative uses will need to be considered.	Green

Background documents

Appendix A (Confidential) – Summary of Soft Market Testing Meetings for the Birmingham Road Site.
Appendix B – Indicative Zoning Plan

Relevant web links

Any links for background information which may be useful to understand the context of the report