

**Meeting date:** 6 October 2022

**Report to:** Cabinet

**Subject/report title:** Kingshurst Village Centre Regeneration

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**Wards affected:**

- All Wards |  Bickenhill |  Blythe |  Castle Bromwich |  Chelmsley Wood |  
 Dorridge/Hockley Heath |  Elmdon |  Kingshurst/Fordbridge |  Knowle |  
 Lyndon |  Meriden |  Olton |  Shirley East |  Shirley South |  
 Shirley West |  Silhill |  Smith's Wood |  St Alphege
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**Public/private report:** Public

**Exempt by virtue of paragraph:** N/A

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**1. Purpose of Report**

- 1.1 To seek approval to undertake early demolition works at Kingshurst Village Centre and to accept external funding to support the project in the event that recent funding applications are successful.

**2. Decision(s) recommended**

- 2.1 That Cabinet approves the following:
- a) To proceed with early demolition works at Kingshurst Village Centre through the Council's contract with Willmott Dixon (WD), as set out in the body of this report;
  - b) That the cost of this work be funded as set out at paragraph 6.3 of this report;
  - c) That authority is granted to the Director of Economy and Infrastructure and the Director of Resources and Deputy Chief Executive, in conjunction with the Leader of the Council, to sign any contractual arrangements associated with the award of grants from the Brownfield Land Release Fund and/or the Levelling Up Fund, should either or both of these bids be successful.

### **3. Matters for Consideration**

#### **Background**

- 3.1 The aim of the Kingshurst project is to transform the Village Centre, through the delivery of a community and health-led regeneration scheme.
- 3.2 Cabinet has previously received progress updates, most recently on 10 March 2022. Significant progress has been made since the last report which is summarised in the following sections:

#### **Health and Community**

- 3.3 CCL Solutions Ltd has been commissioned by Solihull Clinical Commissioning Group and supported by the Council to proceed with the development of an Integrated Community, Health and Wellness Hub Full Business Case (Hub FBC). This is due for submission in October 2022 and will define the community and health services to be delivered, including a suitable operating model. This Hub FBC will feed into the wider Regeneration of Kingshurst Project FBC.
- 3.4 Kingshurst Library has been reconfigured to allow community groups to make better use of it as a community building. Alongside this reconfiguration, and as part of the cultural offer, Parrabbola, the Council's commissioned culture partner, worked with the community to collect stories, photos and art that illustrates the depth of community cohesion and pride for the Kingshurst locality.

#### **Site Assembly and Acquisitions**

- 3.5 In accordance with previous Cabinet approvals, a Compulsory Purchase Order (CPO) was made in March 2021 to facilitate the acquisition of all remaining land and property interests in the village centre. Two objections were received, however following successful negotiations, these have been withdrawn. The Planning Inspectorate has confirmed that the Council can proceed with the CPO as an unopposed Order.
- 3.6 As part of the Council's commitment to retain key local services throughout the development period, IM Hadfield Opticians and Browns Pharmacy have been temporarily relocated to units that will not be required for redevelopment until the second phase of construction. In addition, the Post Office, which had closed has now re-opened inside Browns Pharmacy, following Council support.
- 3.7 Planning permission for the change of use of part of the former Youth and Community Centre has been granted to enable the relocation of the Co-op convenience store and the hairdressing salon. Fit out works have commenced for both the store and the salon and it is anticipated that they will relocate by the end of this year.
- 3.8 Planning consent has been granted for a new entrance to St Barnabas Church and positive progress is being made on the acquisition of the former vicarage and church car park. Discussions are ongoing to provide sufficient temporary parking whilst demolition and first phase construction commences.
- 3.9 All tenants have been rehomed and all apart from two void residential properties have been acquired.

## **Development Management**

- 3.10 Full planning permission for the redevelopment of Kingshurst Village Centre was granted on 27 April 2022 (Planning reference: PL/2021/03072/MAJFDW).
- 3.11 As part of the WD Pre-construction Service Agreement (PCSA), and utilising the Estates Regeneration funding awarded to the Council last year, onsite works completed to date include:
- Relocation of the CCTV control centre, including service disconnections in readiness for demolitions.
  - External works to facilitate the Co-op's temporary decant to the retained building on Marston Drive and internal alterations to facilitate the decant of the Hairdresser.
  - Demolition of existing garage blocks to facilitate invasive ground investigations.
  - Site fencing to the former Mountford Pub site along with project image / artwork boards.
  - Stage 2 Site investigations: acoustic, topographical, CCTV drainage, CAT scans, bat surveys, asbestos surveys and Highways stopping up orders.
- 3.12 The project includes a phasing strategy to maintain vital services for residents during the construction period. Project officers are working alongside WD to minimise disruption, including continuity of parking and bus routes during the works period.
- 3.13 As the site assembly phase has progressed, the site has been subject to a rise in antisocial behaviour, culminating with damage to secured properties, police call outs and vandalism of the library and the former community centre. In response, the project team have undertaken the following:
- Established 24 Hour onsite security.
  - Liaised with the police, who have increased their patrols of the village centre.
  - Engaged Summer Youth Workers.
  - Established further site fencing around the void and secured properties.
  - Increased physical security measures to the former community building at Marston Drive.

These measures will be kept under review.

## **Design and Build Contractor Procurement**

- 3.14 WD was appointed under a PCSA for Stage 2 (detailed design) on the 17 May. The contract sum submission is due at the end of November 2022.
- 3.15 Cabinet will be presented with the FBC for consideration in February 2023.

3.16 A proposed timeline of events is shown below:

- October 2022 Cabinet consideration of Early Works Costs
- November 2022 Site assembly completed
- November 2022 Stage 2 / Design stage concludes / Contract Sum defined
- November 2022 Early work, including demolitions, commences
- February 2023 FBC submitted to Cabinet for approval
- May 2023 Commence community/health/commercial construction
- Summer 2024 Community/health/commercial construction completed
- Winter 2025/26 All construction activity complete

3.17 Council officers are working alongside WD to maximise the effectiveness of its social value offer as part of the PCSA.

#### **4. What options have been considered and what is the evidence telling us about them?**

4.1 Following the completion of the Stage 1 procurement, and the appointment of WD to complete Stage 2, as approved by Cabinet in March 2022, WD have stated more time is required to complete the Stage 2 detailed design and fixed price construction costs.

4.2 In order to avoid a construction programme delay, WD have proposed that they price for an early works and demolition package ahead of concluding the Stage 2 activities, with the intention that these early works be carried out concurrently with assurance and governance approvals for the main contract works.

4.3 WD have provided an early works and demolition package cost of £2,562,529. The main contract costs and work packages will be provided by WD in November 2022. Cabinet will consider whether to proceed with the main contract works in February 2023.

4.4 The scope of the early enabling and demolition works includes:

- Demolition of the northern part of the site, including the main body of the existing arcade.
- Tree removals outside the nesting season.
- Temporary and permanent sewer diversions.
- Temporary and permanent services diversions.
- Security and hoarding of the site.
- Temporary compounds and haul roads.

4.5 This staged approach would enable a main contract works start in May 2023.

#### **4.6 Option 1 – Appoint Willmott Dixon to undertake an early works package (preferred option)**

4.7 The Constructing West Midlands framework allows for a direct award to WD. By doing these works it allows the timescales stated for the main works (subject to Cabinet approval in February 2023) to proceed by May 23.

4.8 To ensure value for money is achieved on the early works package, WD is required to provide 3 quotes on works packages over £25k, with the entire works package subject to scrutiny by the Employers Agent, Building Design Studio.

4.9 Subject to approval by Cabinet, early works and demolition could commence immediately. Service disconnections and diversions would take place first, followed by physical demolition works, once the Co-op and Hairdressers have relocated to their temporary stores and Greggs have vacated their premises.

4.10 This option would allow the use of Levelling Up Fund grant for the Stage 2 construction, should the funding application be successful.

4.11 A further benefit of this approach is that the Council may be able to utilise externally provided grant funds applied for from the Brownfield Land Release Fund to pay for most of these early works and demolitions. However, this utilisation depends on the success of the bid and it being issued in good time. This bid was submitted on the 19 August 2022 and the outcome is expected to be known by the end of September.

#### **4.12 Option 2 – Undertake the works after approval of the FBC and include them in the main works contract (do nothing now).**

4.13 This option means do nothing on site until the main contract is awarded in Spring next year. The early works package would be included in the main contract. This option would delay the main works programme and would delay the start on site until Summer 2023 and the completion of the project would be pushed back by 6 months to Autumn 2026. This approach would cause pressures on funding uptake such as from Homes England which requires full spend by March 2026 and on LUF funding commitments (subject to award of funding) which require substantial initial spend this financial year.

#### **4.14 Option 3 – Competitively procure through Constructing West Midlands Framework for the early works package**

4.15 Contractors on the CWM framework would be invited to bid for the early works package and the Council would directly appoint the successful contractor. Whilst use of the framework is quicker than tendering on the open market, this option would still significantly delay the project programme by an estimated 6 / 9 months and increase the project resource requirement. Continuity issues could also be a risk if an alternative contractor to WD were successful.

### **5. Reasons for recommending preferred option**

5.1 Option 1 is recommended for the following reasons:

- Limits delay to main contract works and reduces exposure to construction cost

risk through further site investigations, service disconnections and diversions prior to main contract works.

- The site will be completely void from November 2022. Demolition of the site and establishment of fencing thereafter should dramatically reduce ASB.
- The properties are still subject to business and council tax rates (with a 100% levy payable from December). Service disconnections and demolition would cease these payments.
- No additional costs are incurred for accelerating the programme and undertaking these works.

## 6. Implications and Considerations

6.1 State how the proposals in this report contribute to the priorities in the [Council Plan](#):

Priority:	Contribution:
<p>People and Communities:</p> <ol style="list-style-type: none"> <li>1. Improving outcomes for children and young people in Solihull.</li> <li>2. Good quality, responsive, and dignified care and support for Adults in Solihull when they need it.</li> <li>3. Take action to improve life chances and health outcomes in our most disadvantaged communities.</li> <li>4. Enable communities to thrive.</li> </ol>	<p>Kingshurst Village Centre has the potential to act as a catalyst for wider public service reform focussed on an integrated service offer designed to tackle health inequalities.</p> <p>The project is in an area of relatively high deprivation. Its delivery will directly support disadvantaged communities and is aimed at helping to ensure the local community thrives.</p> <p>The inclusive growth outcomes framework has been developed to define the overarching outcomes for the project, as well as to provide a benchmark that elements of the development proposal can be assessed against.</p>
<p>Economy:</p> <ol style="list-style-type: none"> <li>5. Develop and promote the borough's economy, with a focus on revitalising our town and local centres.</li> <li>6. Maximising the opportunities of UK Central and HS2.</li> <li>7. Increase the supply of affordable and social housing that is environmentally sustainable.</li> </ol>	<p>The redevelopment of Kingshurst Village Centre is a component activity in the Council Plan. It has a direct impact on helping to revitalise North Solihull and its local centres. The development proposals include the provision of new homes, community, health and retail units.</p>
<p>Environment:</p>	<p>The masterplan enhances the links between Kingshurst park and existing landscaped areas with a landscaped corridor.</p>

Priority:	Contribution:
8. Enhance our natural environment, improve air quality and reduce net carbon emissions.	It is planned that the new housing developments will be net zero carbon.
9. Promote employee wellbeing	None

## 6.2 Consultation and Scrutiny:

- 6.2.1 In February 2019, Cabinet considered and approved the Kingshurst Village Centre Draft Planning Brief for public consultation. Following the consultation, Cabinet considered and approved the Kingshurst Village Centre Planning Brief.
- 6.2.2 The Economic Development and Managed Growth Scrutiny Board considered the regeneration of Kingshurst in September 2017, with a particular focus on engagement. In March 2019, the same Board considered how the project is building in opportunities for all parts of the community to benefit.
- 6.2.3 Public consultation on the proposed masterplan and outline planning application was undertaken in February 2020. Overall, there was strong community support for the proposed project design and progress towards a new village centre.
- 6.2.4 In September 2021, the project team undertook public consultation prior to the full planning application submission. This consultation included two outdoor events which were both well attended. Full details of all community consultations undertaken are within the Statement of Community Involvement which was submitted as part of the Full Planning Application (Planning reference: PL/2021/03072/MAJFDW).

## 6.3 Financial implications:

- 6.3.1 The project team have submitted bids for the following grant funding opportunities to contribute to the Regeneration of Kingshurst Project:
- Round 2 of the Levelling Up Fund - £12,000,000. This fund is administered by the Department of Levelling Up, Homes and Communities. The bid was submitted on 14 July. The outcome of this bid is expected to be known in November 2022. Should it be successful, it is understood that the Council could claim for all eligible expenditure incurred since the bid submission on 15 July 2022, which would include these early works.
  - Round 2 of the Brownfield Land Release Fund - £2,320,000. This fund is administered jointly by the Treasury and the Department of Levelling Up, Homes and Communities and is specifically designed to pay for early works to brownfield land to enable the establishment of new housing. The bid was submitted on 19 August, and we expect to learn of the outcome at the end of September 2022

- Homes England Funding - currently on hold to allow WD to complete the stage 2 costing. This funding is to contribute to the construction of affordable housing beyond the minimum amount of 40%.

- 6.3.2 A full cost submission for the early works was received by WD on 12<sup>th</sup> August 2022 for the sum of £2,562,529. These costs have been checked and analysed by the Council's Building Design Studio who are appointed as the project's Employers Agent. No errors or inconsistencies were identified in the submission.
- 6.3.3 As is typical for such estimates, the costs included some provisional allowances for utility service diversions which are subject to initial quotes from designated service providers with little opportunity to test the market.
- 6.3.4 Demolitions and tree removals have been market tested with a minimum of three sub-contract invitations to tender. The preferred sub-contract prices have been included in the cost submission.
- 6.3.5 Based on the cost evaluation assessment, BDS's recommendation is to accept the WD submission for the sum of £2,562,529.
- 6.3.6 Considering that most of the estimate is market tested, and that the provisional allowances relate to utility service providers, the submission appears to offer VFM relative to the market and is within the scope of the Council's ability to direct award to WD.
- 6.3.7 Due to the large value of the provisional sums, we believe it would be prudent to include a client contingency in the amount to be signed off. It is suggested a £400,000 contingency should be allowed, thus bringing the total to £2,962,529.
- 6.3.8 In the first instance, the cost would be funded by either the Brownfield Land Release Fund or the Levelling Up Fund if either of those bids are successful. Should they be unsuccessful or prove insufficient (in the case of the Brownfield Land Release Fund), then any residual cost would be split on a 50:50 basis between the General Fund and the HRA.
- 6.3.9 The General Fund element (maximum of £1,481,265) would be funded by £0.663m of reserves held for regeneration purposes and £0.4m of North Solihull Opening Doors loan receipts that the Council took over from North Solihull Partnership when it was dissolved. The balance would be funded from Prudential Borrowing financed from the regeneration revenue allocation made in the 2022/23 Medium Term Financial Strategy.
- 6.3.10 The HRA share would be funded from the reserve allocation of £4.550m, earmarked towards the housing element of the project within the HRA Capital Programme Report, as approved by Cabinet at the meeting on 10 February 2022.

#### **6.4 Legal implications:**

- 6.4.1 With regards to the specific recommendations set out in this report, all procurement requirements will be completed in a manner that is compliant with both the Council Rules for Contracts and all relevant procurement legislation.



6.4.2 Legal advice will continue to be sought to ensure full compliance with the Subsidy Regime through the development of the Financial Case and in respect of all property acquisitions and land transactions.

## **6.5 Risk implications, including Risk Appetite:**

6.5.1 A Risk Register for the project is maintained in accordance with the UK Central Project Management Framework.

6.5.2 Site assembly is well advanced and reaching the concluding stages. Terms have been drafted and/or agreed for the remaining acquisitions. Any significant delays to these remaining acquisitions could have an impact on programme but these risks are being managed.

6.5.3 WD's Stage 1 return includes a section on current risks as identified from the contractor point of view. These risks will be investigated and added to the project risk register and updated during the Stage 2 process.

## **6.6 Equality implications:**

6.6.1 A full Fair Treatment Assessment has been undertaken to assess the impact on protected groups of the making of the CPO and the implementation of the CPO in line with the Equality Act 2010.

6.6.2 The Fair Treatment Assessment (FTA) will be monitored and reviewed throughout the development of the project to ensure that any future impact can be measured and mitigated against as necessary. The FTA is available on request.

## **6.7 Linkages to our work with the West Midlands Combined Authority (WMCA), Local Enterprise Partnership or the Birmingham & Solihull Integrated Care System (ICS):**

6.7.1 The project continues to be supported by the West Midlands Combined Authority (WMCA); who have provided funding for the development of the Full Business Case and costs towards site assembly.

6.7.2 The Birmingham & Solihull Integrated Care System (ICS) are key partners in the development of Kingshurst Village Centre. The integrated community, health and wellness hub will be an exemplar for the ICS and will be delivered as part of the wider scheme. The overarching vision for the Hub will be to act as a catalyst for wider public service reform with the hub becoming a focal point for the community, providing an integrated service offer designed to tackle health inequalities.

## **7. List of appendices referred to**

7.1 None

## **8. Background papers used to compile this report**

8.1 None

**9. List of other relevant documents**

9.1 None