

<b>CITY OF WOLVERHAMPTON COUNCIL</b>	<b>Cabinet</b> <b>18 October 2023</b>
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<b>Report title</b>	Investment Prospectus First Phase Delivery Plan - City Centre West	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Stephen Simkins Leader of the Council	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All Wards	
<b>Accountable Director</b>	Richard Lawrence, Director of City Development	
<b>Originating Service</b>	City Development	
<b>Accountable employee</b>	Kassandra Polyzoides	Deputy Director of Regeneration 07977 849 232 Kassandra.Polyzoides@wolv erhampton.gov.uk
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<b>Report to be/has been considered by</b>	Regeneration Leadership Team	2 October 2023
	Strategic Executive Board	10 October 2023

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### Recommendations for decision:

The Cabinet is recommended to:

1. Delegate authority to the Leader of the Council together with the Cabinet Member for Resources, in consultation with the Director of City Development, Director of Finance and Chief Operating Officer to approve the final heads of terms for the City Centre West development.
2. Subject to recommendation 1, approve the appointment of Morgan Sindall Consortium (Muse), and to agree to subcontract its development obligations to the English Cities Fund (ECF) through a direct award via the Pagabo Developer Led Framework to deliver the City Centre West development.

## **1.0 Purpose**

- 1.1 The purpose of the report is to update Cabinet on the progress of the City West development. The Council has been working together with the English Cities Fund, which is a partnership between Homes England, Legal and General and developers Muse with a strong track record of delivery, to bring forward a comprehensive plan for the City Centre West site for development.
- 1.2 Furthermore, the report seeks authority from Cabinet to delegate the approval to relevant officers to develop and agree the schemes heads of terms with the English Cities Fund.
- 1.3 A report will be brought forward to a future Cabinet meeting recommending that Members approve the scheme business case and delegate approval of the development agreement to relevant officers.

## **2.0 Background**

- 2.1 City Centre West is a 4.5-hectare site linking School Street and Darlington Street in the City Centre. The Wolverhampton City Centre Local Plan Area Action Plan (AAP), adopted in 2016, identifies the site as the largest development and regeneration opportunity in the City Centre with the potential to create a new district for the city through high-quality mixed-use development.
- 2.2 The site includes the former Westside development area, which was subject of a previous development agreement with Urban and Civic. Due to financial and market conditions the agreement lapsed in 2021.
- 2.3 The Investment Prospectus identified the City Centre West area as part of its first phase delivery sites. The Cabinet Report on 22 March 2023 identified the City Centre West site as surplus to requirements and approved to bring forward the development.

## **3.0 Proposal**

- 3.1 The Council is seeking a development partner to provide the revenue, resources and expertise to unlock the potential and bring forward the regeneration of City Centre West. English Cities Fund is a regeneration company based on a partnership between Homes England, Legal and General and Muse. They have been identified as the preferred partner because of their strong track record of working with local authorities in partnership to create great places, bringing together investment, regeneration expertise and long-term commitment to social value outcomes. Regular meetings with ECF have taken place to develop initial proposals in line with the Council's requirements.
- 3.2 Subject to heads of terms the Council and ECF will work to develop a strategic brief for the first phase of the scheme, including the exact location, which is currently being developed. The strategic brief will inform the development of an outline planning application together with a detailed phase 1 planning application. The scheme aims to deliver fundamental transformation to the city of Wolverhampton and includes:

- High-Quality Mixed-Use Development: A residential led scheme that will include a mix of tenures across the development. Ground floor uses that will allow a mix of retail and food & beverage to activate spaces and bring footfall. The potential for leisure and other uses will form part of later phases.
- Increase the accessibility and legibility of the area for a variety of transport modes The location provides for a well-connected development both back into the City and into the wider area. Enhanced public realm and legible connections across the site will allow natural footfall and permeability.
- Enhanced public realm Creating new green spaces for residents and the public to dwell. Enhancing the existing public realm to allow for a larger public space that can be used for events throughout the year.

#### **4.0 Procurement**

- 4.1 The Pagabo Framework is a compliant with Public Contract Regulations 2015 and a submission has been made by Morgan Sindall Consortium (Muse) on behalf of ECF that meets the criteria to enter into a Development Agreement subject to agreement of final heads of terms. The Pagabo Process evaluates costs and experience across a range of criteria aligned to the Councils requirements for the development.
- 4.2 The Muse submission to Pagabo has been deemed to be compliant and therefore a direct award can be recommended.

#### **5.0 Agreement of Heads of Terms**

- 5.1 The Council has progressed terms with ECF with key principles agreed as outlined below. The final terms can be progressed and approved through delegation by the Director of City Development, Director of Finance and the Chief Operating Officer.

##### **Principles of the Heads of Terms**

- 5.2 The form of Contract is a conditional land disposal for council owned assets under a development agreement to bring forward a hybrid planning application which consists of an outline planning consent and a full planning consent for the first phase which is still to be determined.
- 5.3 All costs in developing the planning applications are being forward funded by ECF. Subject to Cabinet approval, work will commence to finalise the heads of terms, work-up the development agreement which will include a detailed programme and phasing schedule along with a financial drawdown schedule. Gateways will be inserted into the development agreement which will give the Council the confidence to ensure delivery, together with clear governance protocols.

#### **6.0 Next steps - Programme**

- 6.1 This is an indicative programme at this stage and is subject to change as the development agreement process proceeds.

STAGE	Duration	Start	End
<b>RIBA 1 - Preparation and briefing</b>	10 weeks	1 Aug 23	9 Oct 23
<b>RIBA 2+ Concept/Scheme Design</b>	22 weeks	10 Oct 23	11 Mar 24
<b>Cabinet report full business case</b>	Cabinet meeting	January 24	February 24
<b>Development agreement</b>	16weeks	October 23	February 24
<b>RIBA 3 - Spatial Design (PCSA)</b>	3 months	12 Mar 24	3 Jun 24
<b>Outline planning submission and potentially Phase 1 detailed submission</b>	13 weeks	12 March 24	10 June 24
<b>RIBA 4 - Technical Design</b>	3 months	11 Jun 24	2 Sep 24
<b>Place Contract &amp; Mobilisation</b>	10 weeks	26 Nov 24	3 Feb 25
<b>RIBA 5 - Construction period</b>	2 years	4 Feb 25	4 Feb 27

- 6.2 The above programme covers the first phase of the City Centre West development. Subsequent development phases will require additional site development briefs to be developed by the Council and ECF in collaboration to ensure that each phase contributes towards Our City: Our Plan and delivers targeted socio-economic objectives and benefits. This work will also ensure quality, design, costs and financial viability for each phase.
- 6.3 As a minimum, the existing land use value would be returned to the Council if a viable scheme can be developed for each phase, and an option is taken on the land by ECF. The financial case and deal structure will be further detailed within the Full Business Case.
- 6.4 The costs to the Council of developing the programme and resources to deliver the City West development have been supported by Homes England through their commitment to the regeneration programme in Wolverhampton, as identified in the Investment Prospectus.

## 7.0 Evaluation of alternative options

Option	Outcome	Impact
Land Disposal	The Council would lose control of the outcomes, benefits, quality, use and timing of any scheme.	The Council benefits of any social value or other council desired outputs would be lost.

Council Led Land Promotion	This would allow the Council to control how, when and what was delivered on the site. However, it would require significant resources, revenue, and expertise to do so which the Council does not have.	There would be a delay in taking the development forward from the current position and require the Council to fund the development and take on the risk which is not attractive in the current market.
Early partnering agreement - Land Disposal under conditional development agreement - competitive tender process	This would involve significant additional resources for the Council in terms of staff time and financial cost. Market failure has already been demonstrated in an earlier iteration of a leisure led scheme. The Council would have to call on expertise that is not currently within the Council. Both elements would require significant added resources and add additional risks to the Council.	Process would potentially be lengthened by up to a year through a competitive process whilst not a consideration it would require additional significant resources.
Do nothing	The scheme is unlikely to progress	The benefits of the proposed scheme would not be realised

## 8.0 Reasons for decision(s)

- 8.1 The recommendations will progress the Councils plans to regenerate the City Centre West scheme, this will provide a wide range of benefits with the introduction of new housing, new jobs, and opportunities as well as the social and economic benefits in linking the city back into the surrounding suburbs at precision and pace.
- 8.2 It will deliver an inclusive and sustainable new quarter in the heart of Wolverhampton that incorporates circa 1,000 new homes, exceptional public realm, and leisure/retail use. City Centre West will be developed as a new quarter for the city centre providing a variety of uses.

## 9.0 Financial implications

- 9.1 The delivery route for the programme will be subject to the development of business cases as outlined in the report. It is incumbent upon the Council, in conjunction with key partners, to define disposal routes that encourage market competition and support the Council's obligation to achieve Best Consideration under s.123 of the Local Government Act 1972.

[GP/11102023/V]

## **10.0 Legal implications**

- 10.1 Section 1 of the Localism Act 2011 provides the Council with power 'to do anything that individuals generally may do' except that which prevents or restricts a local authority. The Council must have regard to all of its statutory obligations including Section 151 of the Local Government Act 1972 relating to its fiduciary duties and Section 123 of the Local Government Act 1972 in relation to a disposal of land together with the Council's Constitution in respect of contract and governance arrangements.
- 10.2 It is necessary for the project leads to engage the Council's Legal Services at the outset and all the way through projects to ensure that the transaction is legally compliant, accord with the Constitutional arrangement and the relevant legislation.
- 10.3 The Council's Legal Services will be able to provide legal advice, deal with the structure of the projects, draft, and deal with negotiations as the proposals detailed in this paper progresses to full business case stage and into delivery. Business cases will detail the intended procurement routes, compliance with Subsidy Control, governance, and best practice with supporting legal advice for approval.
- 10.5 As detailed in the body of the report, the recommendation is to negotiate heads of terms under the procurement framework with a view to a Direct Award from the Pagabo Developer Led Framework in accordance with the Public Contract Regulations 2015 and Council's Contract Procedure Rules. In the event that negotiations are fruitless then the Council will need to consider its strategy of bringing forward this development including a direct award, which may require the Council to consider an alternative option such as the alternatives set out in this report or such alternatives with regards to the circumstances at the present time.  
[JA/11102023/D]

## **11.0 Equalities implications**

- 11.1 In bringing forward development opportunities in the city centre, the Council, as landowner, has an opportunity to clearly establish required objectives and outcomes from the development.
- 11.2 To this end the Council can challenge the prospective development partners to demonstrate to us where they have designed and delivered schemes in an inclusive way that caters for the needs of a population as part of a diverse community. This will include the following:
- Looking at principles of inclusivity, adaptability, accessibility, sustainability to promote equality of access both in the workplace and to new housing opportunities.
  - Mix of housing size and typology that caters for intergenerational housing.
  - Design of public realm, connections, and lighting to create safer and inclusive spaces.

- The partners will collaborate with the Council's Senior Equality Diversity and Inclusion Officer to assist in designing the approach to developers to ensure they are responding to the points.

## **12.0 All other implications**

12.1 All specific detailed implications regarding these projects will be outlined within the Full Business Case and as part of future reporting on the programme.

## **13.0 Schedule of background papers**

13.1 Investment Prospectus - Phase 1 Delivery Plan v1.pdf

13.2 Westside AAP extract.pdf