

<b>Report title</b>	Investment Prospectus First Phase Delivery Plan - St Georges	
<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 City Development 07977849232 Kassandra.Polyzoides@wolverhampton.gov.uk
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<b>Report to be/has been considered by</b>	Strategic Executive Board	5 December 2023

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**Recommendations for decision:**

The Cabinet is recommended to:

1. Delegate authority to the Leader of the Council and the Cabinet Member for Resources, in consultation with the Director of City Development, Section 151 officer and Chief Operating Officer to:
  - i. Approve the appointment of Capital&Centric through a direct award via the Pagabo Developer Led Framework (LOT 3c – West Midlands).
  - ii. Enter into a Pre-Development Agreement to progress the development of feasibility studies to inform an HMT Outline Business Case (OBC) identifying the preferred option for the site.
2. Approve the allocation of £358,000 from the Regeneration Reserve to support the cost of the pre-development agreement.

**Recommendation for noting:**

The Cabinet is asked to note:

1. That a further report will be brought to Cabinet in the near future to approve the allocation of funds from the regeneration reserve to support the procurement of extra capacity within the Council and city investment directorate that is required in order to deliver St Georges and other priorities.

## **1.0 Purpose**

- 1.1 The purpose of the report is to inform and provide Cabinet with an overview on the strategy and route to bring forward regeneration on the St Georges site (See Appendix 1 - Red Line Plan).
- 1.2 The report seeks authority from Cabinet to delegate the approval to relevant officers to enter into a pre-development agreement with Capital&Centric.
- 1.3 An OBC will be developed and brought forward to Cabinet at a future meeting to approve the development route and next stages to bring forward regeneration of the St Georges site.
- 1.4 The report provides an overview of the procurement process and external assurance and approval received by Public Contract Regulations 2015 compliant framework (Pagabo) outlining acceptance of the preferred organisation.
- 1.5 The report outlines the revenue funding through the regeneration reserve to develop feasibility studies, options appraisals and an OBC to identify the preferred option and development route to bring forward regeneration on the St Georges site.

## **2.0 Background**

- 2.1 St Georges has been identified through the 22 March 2023 Cabinet report as surplus to requirements and approved to bring forward a development.
- 2.2 The Wolverhampton City Centre Area Action Plan (AAP), adopted in 2016, identifies St Georges as a large mixed use regeneration opportunity in the City Centre that contributes towards the policies and key drivers identified within the plan.
- 2.3 Previous delegated authority was approved through the 22 March 2023 Cabinet report to the Deputy Leader: Inclusive City Economy and the Cabinet Member for Resources and Digital City, in consultation with Director of Regeneration, Director of Finance and Chief Operating Officer to progress outline business cases with prospective development partners that are subject to existing Memorandums of Understanding (MoU) agreements.
- 2.4 The Council has identified the Pagabo developer led framework route that enables the appointment of Capital and Centric through a direct award. This route enables them to start progressing their own funding and approval sign off to develop the St George's scheme.

## **3.0 Proposal**

- 3.1 The Council wants to ensure high quality regeneration is achieved across the city centre that delivers a well-connected, sustainable, and thriving community in order to achieve the objectives and outcomes within Our City: Our Plan and is wanting an element of control in shaping projects to achieve this.

- 3.2 The Council recognises that to bring forward market facing commercially attractive developments in isolation is challenging in the current market and recognises the benefits in engaging with leading developers in city centre urban regeneration to bring demonstrable social and economic benefit e.g. increased GVA, high quality public realm, council tax, business rates, new homes and new jobs within the city centre to the area.
- 3.3 The Council therefore propose to appoint a developer under a pre-development agreement to provide pre-development services including development and project management services, undertaking surveys, investigations, developing design options for the site and financial appraisals. The pre-development agreement will include a strategic brief for the site and area outlining the Council's vision for the site as outlined in the investment prospectus, together with objectives, outcomes, and benefits that need to be achieved. The Developer on behalf of the Council will develop feasibility studies and options appraisals that respond to the Council brief to inform the development of an OBC to identify the preferred option to deliver the brief and strategic objectives outlined within Our City: Our Plan and the Local Plan.
- 3.4 An OBC will then be brought forward to Cabinet at a future meeting to approve the development route, next stages and any future revenue and capital budget requirements to bring forward regeneration of the St Georges site including extra capacity within the Council to deliver the project.
- 3.5 The St Georges site aims to deliver a fundamental transformation and new gateway into the city centre which:
- Support St George's Parade site coming into active use through a high quality residential led mixed use development with active ground floor uses that will allow a mix of commercial and leisure that provide an enhanced frontage onto the ring road and Bilston Street.
  - Increase the accessibility, connectivity, and legibility of the area across a range of transport modes improving linkages:
    - between St George's parade and across the ring road to Cleveland Road,
    - Across the ring road to the Blakenhall / Graiseley and All Saints Character Areas and to the Shopping Core.
    - Link to the City Learning Quarter
  - The conserving, enhancement of historic character of the Georgian Square surrounding St John's Church and bringing St John's Church back into active use.
  - Enhanced public realm creating new green spaces and infrastructure for the community bringing the Georgian square back into use with an aspiration to allow for a quality active public space.

## 4.0 Procurement

- 4.1 The Pagabo Framework is Public Contract Regulations 2015 compliant, and a submission has been made by Capital&Centric that meets the criteria to direct award and enter into a Pre Development Agreement subject to agreement of final scope and conditions.
- 4.2 The Pagabo Process evaluates costs and experience across a range of criteria aligned to the Councils requirements for the development. Pagabo have confirmed that Capital&Centrics submission satisfies the qualitative and quantitative measures for a direct award to be utilised to award the contract.
- 4.3 The Council are seeking a direct award to Capital&Centric to progress the St Georges development to OBC because of their relevant experience and track record of:
- a) developing strategy and development briefs in collaboration with Councils, key stakeholders and the wider community that demonstrably contribute towards the Council's objectives and outcomes with their corporate plan
  - b) Developing schemes informed and supported by the local community
  - c) Developing social value strategies aligned to local need that has delivered measurable long-term benefits
  - d) Developing schemes from inception through to completion
  - e) Identifying, developing and securing finance and funding strategies to address viability gaps.

## 5.0 Evaluation of alternative options

Option	Outcome	Impact
Do nothing	The scheme is unlikely to progress	The benefits of the proposed scheme would not be realised
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 development and promotion	This would allow the Council to control how, when and what was delivered on the site to shape the development in line with local need and in line with the Our City: Our Plan.	In a challenging market the project would not have the benefit and expertise of a developer to bring market insight to inform and shape the project to both deliver the Council objectives but for it to be market facing and commercially attractive as it progress through feasibility stage.

## **6.0 Reasons for decision(s)**

- 6.1 The provision of services and the development of St Georges will contribute towards the Council's vision, objectives, and outcomes within Our City: Our Plan maximising benefits for Wulfrunians through shaping development across the city centre in response to both market demand and local need.
- 6.2 The recommendations will enable the Council's aim to deliver a new gateway into the city centre delivering an inclusive, safe and sustainable new quarter improving accessibility and connectivity into the city centre, providing enhanced public realm, retail and leisure uses which will bring new opportunities and jobs, bring underutilised assets back into community use and importantly deliver circa 400 much needed new homes into Wolverhampton and the city centre which will bring wider social and economic benefits.

## **7.0 Financial implications**

- 7.1 The pre development services provided by Capital&Centric include surveys, investigations, reports, development, project and cost management and design services including but not limited to architecture, principal designer, structural & civil engineering, mechanical & electrical engineering, landscape and planning. The cost and associated fees have been reviewed and benchmarked by Pagabo as part of the approval of the developers business plan through the framework and a value for money statement has been provided. The cost of this is £358,000. This report therefore seeks approval to allocate £358,000 from the Regeneration Reserve to support these costs. However, once a scheme has been developed and brought forward, a review will be undertaken to identify if any of these costs can be capitalised.
- 7.2 The budget is a fixed envelope for the developer to procure services in collaboration with the Council. A procurement strategy will be developed and agreed at the outset of the contract and a scope, form of contract and short list of consultants will be agreed prior to tendering.
- 7.3 In order to ensure the viability, funding, deliverability, and maturity against the Council's brief, external third-party monitors will be appointed to provide independent advice to assess the developed scheme, benchmarking costs and sales assumptions within the financial viability appraisal required as part of developing an OBC for the project.
- 7.4 In addition to the costs outlined in paragraph 7.1, it should be noted there are likely to be additional costs to provide additional capacity across the Council and within the City Investment Team to support this project and other priorities, approval of this will be subject to a separate report.
- 7.5 As outlined in section 3, the project will bring forward additional benefits to the Council such as additional council tax. It will bring wider economic benefits to the city with additional footfall, jobs and new homes.

[AS/05122023/R]

## **8.0 Legal implications**

- 8.1 The Council must have regard to all its statutory obligations relating including but not limited to its fiduciary duties and in relation to property and contract arrangements in the context of this report.
- 8.2 The purpose of the pre- development agreement is to provide a legal instrument for Capital & Centric to work on behalf of the Council to develop feasibility studies of St Georges parade with options to deliver the Council's brief undertaking surveys, developing designs, costs, programme and development routes to inform an OBC.
- 8.3 Subject to the outcome of the OBC and returning to Cabinet the Council could then proceed to a development scheme with Capital&Centric by a direct award through the Pagabo Developer Led Framework in accordance the Public Contract Regulations 2015 and Council's Contract Procedure Rules. There is however no obligation on the Council to proceed and as set out above in the recommendation and it may consider an alternative approach.
- 8.4 As detailed in the body of the report, the recommendation is to finalise terms under the procurement framework with a view to a Direct Award into a pre-development agreement through the Pagabo Developer Led Framework in accordance with the Public Contract Regulations 2015 and Council's Contract Procedure Rules.
- 8.5 The Council's legal team have undertaken a preliminary review of Pagabo's Developer Led Framework in March 2023 and reviewed a standard precedent pre-development agreement and subsequent developments agreements. These will need to be made bespoke to the Council's requirement and agreed through negotiation.
- 8.6 In the event that the Council is required to provide a financial contribution or investment to a proposed development this will need to be compliant with the subsidy control legislation.
- 8.7 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 form of development agreement, terms and conditions accord with the Constitutional arrangement and the relevant legislation including subsidy control.
- 8.8 The Council's legal services will provide legal advice and support as the proposals detailed in this paper progress to pre-development agreement execution and OBC.
- 8.9 The Council's Legal Services will be able to provide legal advice, deal with the structure of the projects, draft, and deal with negotiations. Should the Council's Legal Services determine that external legal support is required this will be at the instruction of Legal Services involving the relevant projects leads.

[JA/05122023/P]

## **9.0 Equalities implications**

- 9.1 In bringing forward development opportunities in the city centre, the Council, as landowner, has an opportunity to clearly establish and shape target objectives, outcomes and impacts for the St Georges development to ensure they align with Councils corporate objectives under Our City: Our Plan.
- 9.2 To this end the Council we develop in collaboration with the developer through the pre-development agreement a sustainability, diversity & inclusion, accessibility, skills and employment and social value strategy to inform and shape the design and development of the project in an inclusive way that caters for the needs of a population as part of a diverse community. This will include the following:
- Ensuring social value through projects where local suppliers, workforce and skills are prioritised throughout delivery.
  - 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 addresses local need and that caters for intergenerational housing.
  - Design of public realm, connections, and lighting to create safer and inclusive spaces.
- 9.3 The Council in collaboration with the Developer will collaborate with the Council's Senior Equality Diversity and Inclusion Officer to assist in developing a strategy and equalities impact assessment to inform the approach to the St Georges development.

## **10.0 All other implications**

- 10.1 All specific detailed implications regarding these projects will be outlined within the OBC and as part of future reporting on the programme.

## **11.0 Schedule of background papers**

- 11.1 Cabinet, 22 March 2023 - [Wolverhampton Investment Prospectus - First Phase Delivery Plan](#)
- 11.2 Cabinet, 22 February 2023 - [Wolverhampton Investment Prospectus](#)

## **12.0 Appendices**

- 12.1 Appendix 1: Red line plan