

Report to Cabinet

12 March 2025

Subject:	West Bromwich Masterplan Delivery Partner Procurement
Cabinet Member:	Cllr Peter Hughes - Cabinet Member, Regeneration & Infrastructure
Director:	Alan Lunt- Executive Director, Place
Key Decision:	Yes
Contact Officer:	Alexander Oxley, Capital Projects Manager alexander_oxley@sandwell.gov.uk

1 Recommendations

For the reasons set out in the report, it is recommended that Cabinet:-

- 1.1 delegate authority to the Executive Director of Place to prepare all necessary tender documentation- in accordance with the procurement strategy outlined hereunder, statutory regulations and the Council's Procurement and Financial Regulations- to nominate a Preferred Development Partner for future Cabinet approval;
- 1.2 delegate authority to the Executive Director of Place to prepare tender documentation and subsequently procure- in accordance with statutory regulations and the Council's Procurement and Financial Regulations- any professional services required to develop proposals and/or support the procurement of a strategic development partner in line with the budget schedule set out in appendix 3;
- 1.3 delegate authority to the Executive Director of Place in consultation with the Executive Director of Finance and Transformation to undertake a full financial and economic analysis for the purposes of understanding the future financial implications and resource requirements for the delivery of West Bromwich Masterplan.

- 1.4 delegate authority to the Executive Director of Finance and Transformation in consultation with the Executive Director of Place to identify and outline recommendations to meet any financial, resource or governance requirements that result from the appointment of a strategic development partner.

2 Reasons for Recommendations

- 2.1 In January 2022, Cabinet approved and endorsed the West Bromwich Masterplan, which establishes the council's vision for the future regeneration of West Bromwich Town Centre.
- 2.2 The West Bromwich Masterplan outlines the delivery of:
 - 1,359 New Homes
 - 13,154 m² of new food and beverage space
 - 15,757 m² of new community leisure space
 - 5,887 m² of new office space
 - 11,949 m² of new retail space
 - 5,060 m² of educational space
- 2.3 The construction costs for the delivery of the masterplan are estimated to be £506m. As such, the council will be required to partner with a developer who will be able to secure and deploy significant private sector investment in order to realise the proposals.
- 2.4 Furthermore, it is anticipated that a private sector partner will bring additional capacity, expertise and commercial acumen required to design, plan, enable and deliver a project of such scale and significance.
- 2.5 Delivery of the Masterplan would realise the following estimated economic/financial benefits for Sandwell:
 - 1,336 direct construction jobs
 - £42m gross GVA per annum
 - 576 net additional jobs
 - £2.3m of social value during construction phase
 - £24.6m local procurement
 - £11.3m increased resident spend per annum
 - £3m additional Council Tax revenue per annum
 - £1.3m additional Business Rates revenue per annum
- 2.6 In July 2023 Cabinet approved the procurement of a strategic development partner through the Pagabo Framework. For reasons

outlined in s.4.1-s.4.6, the recommendation presented above reflect an alternative route to market and scope of work (SoW).

- 2.7 Following Cabinet approval in July 2023, the council appointed Browne Jacobson LLP to act as legal and procurement advisors. Browne Jacobson bring significant legal and commercial experience in establishing public-private partnerships of this nature.
- 2.8 Additionally, Savills UK Ltd, following their work to prepare the Masterplan document are advising on commercial matters pertaining to financial and economic appraisal/analysis.
- 2.9 Existing grant funding revenue budgets had been identified to support the procurement of a strategic development partner, outlined in appendix 3.

Procurement Strategy

- 2.10 Subject to Cabinet approval it is intended to go to market for the procurement of a strategic developer partner (the Proposed Procurement) in Q2 2025 under the Procurement Act 2023 (PA 2023).
- 2.11 As recommended in Browne Jacobson's options paper dated 17 December 2024 ('the Options Paper') the council intend to conduct the proposed procurement using the new Competitive Flexible Procedure pursuant to PA 2023 which is intended to afford contracting authorities the discretion to design their procurement process to suit their requirements.
- 2.12 The sections hereunder (s.2.11-s.2.26) set out an overview of the procurement stages, including the key activities required at each stage and initial views on likely programme.
- 2.13 **Stage 0 (March 2025- May 2025)** – Pre-procurement and preliminary market engagement.

This phase includes:

- Agreeing terms of reference / roles and responsibilities in respect how the project team (i.e. the council, Savills and Browne Jacobson) will operate to reach launch;
- Viability / constraints work, to further inform the council's understanding prior to taking the opportunity out to market in respect of the opportunity's overall viability and any site constraints etc;
- the preparation of the procurement documents;

- the council's governance arrangements; and
- engagement with the market.

2.14 Stage 1 (May 2025- July 2025) – Invitation to participate

2.15 The stage previously known as the 'selection' or 'SQ' stage is now, under PA 2023, known as the 'participation' stage.

2.16 To commence a procurement process, as was / is the case under the existing regime, contracting authorities must (i) publish a tender notice and (ii) provide any associated tender documents in accordance with the tender notice. Associated tender documents refer to any documents setting out information specified in the Procurement Regulations 2024 (**PR 2024**).

2.17 For the proposed procurement, it is anticipated that the following documents will be required:

- Tender notice (a notice indicating the council's intention to award a public contract, as stipulated under Section 19 which will be in a standard form)
- Invitation to participate (including the conditions of participation, i.e. selection questionnaire)
- Mol / brief, setting out the 'brief' for the opportunity and framing the council's objectives and any 'red lines'
- Design principles / framework
- Draft invitation to tender (including setting out the award criteria)
- Draft commercial principles paper / heads of terms for the key contractual documents
- Title report and related documents
- Any appropriate supporting materials such as site information, data in relation to transport / highways, etc.

2.18 Under Section 21(5) PA 2023, the council is required to ensure that the tender notice and related tender documents offer comprehensive information for the preparation of a tender, specifically including the 'specification' of the works to be provided (i.e. the Mol / Brief describing the opportunity), before inviting bidders to submit their tenders.

2.19 It is proposed that the invitation will be published on w/c 26th May 2025, following a launch event at the UK Real Estate, Investment and Infrastructure Forum (UKREiIF).

2.20 Stage 2 (August 25- November 25)– Invitation to tender

This phase includes:

- Issue of the ITT followed by a ‘briefing’ session, the purpose of which is for the council to ‘set the scene’ re the opportunity and their objectives;
- Up to two rounds of dialogue with each bidder considering and discussing their emerging proposals;
- Initial submissions in relation to some or all of the award criteria, that are evaluated by the council and it’s stakeholders (e.g finance) with the possibility of down selection to a smaller number of bidders (with the council providing feedback to bidders on their proposals);
- Up to two further rounds of meetings with each bidder;
- Final tenders submission.

2.21 Given the complexities and significant time and resource required for this phase of the procurement, an individual programme has been proposed below:

Stage	Date	Points for project team consideration
Issue of invitation to tender	1 August 2025	To be discussed as to whether issuing during summer holiday period is troublesome. Our instinct is that this will be reasonable provided the council are in a position to evaluate and moderate in July.
Briefing session / site visits	w/c 11 August 2025	An early session that the bidders are not expected to prepare for necessarily, but it used to ‘set the scene’.
Meeting 1	w/c 8 September 2025 <i>with documents submitted 1 week in advance</i>	Meetings with an expectation that bidders submit agendas and emerging proposals for discussion in advance, but falling short of, full draft responses to the award criteria.
Meeting 2	w/c 29 September 2025 <i>with documents submitted 1 week in advance</i>	

Submission of Interim Solution	17 October 2025	Likely to be in the form of a full draft of developer's submissions (building on feedback / discussions in preceding meetings).
Feedback on Interim Solutions (and down selection)	w/c 26 September 2025	Interim solutions can be assessed against criteria where it is possible that bidders could be down selected (i.e. going from 3 to 2 bidders).
Meeting 3	w/c 3 November 2025	Further discussion meetings with each having differing focusses.
Meeting 4	w/c 24 November 2025	

2.22 **Stage 3 (December 2025) – Call for final tender**

2.23 After the process of initial submissions and tender meetings, the council will be in a position to request the submission of final tenders.

2.24 Based on the ITT stage programme above, we would anticipate that this call for final tenders would be in early – mid December. Ordinarily a period of c. 2-4 weeks would be allowed between the call for final tenders and the submission deadline.

2.25 **Stage 4 (January 2026)- Preferred Partner Selection**

2.26 Following receipt of the final tender returns, submissions will undergo a thorough evaluation/moderation process based on the criteria explicitly outlined and made public in the Tender Notice and the Invitation to Tender document. In this critical phase, the council's objective is to identify the Most Advantageous Tender. Determining the Most Advantageous Tender involves scoring tenders objectively using scoring criteria which should:

- Be pre-determined and listed in the Invitation to Tender;
- Reflect their relative importance through appropriate weighting;
- Be consistently applied throughout the entire tender process without deviation;
- Allow for an objective assessment to ensure fairness and impartiality.

2.27 **Stage 5 (January 2026)- Final Cabinet Approval & Contract Award**

2.28 Following selection of the Most Advantageous Tender, a recommendation will be presented to Cabinet to select the preferred development partner to enter into contract.

2.29 It is envisaged that the Future Cabinet Report will also include key decisions to be made around:

- Resource implications- it is anticipated that, in order to unlock the benefits and outcomes associated with the delivery of West Bromwich Masterplan, there will be a significant resource requirement, both financially and organisationally. These resource requirements will also directly relate to how aspirational the council wish to be in terms of quality of the end development.
- Commercial structure- the final Cabinet report will include detailed proposals for the commercial structure upon which the appointment is being made.
- Governance- recommendations will be made as to how best to govern the partnership arrangement within the existing governance structure and identify where additional governance arrangements will be required.

3 How does this deliver objectives of the Corporate Plan?

Living in Sandwell	<p>West Bromwich Masterplan delivery will deliver up to c.1350 new homes in the boroughs strategic centre, focussed on key transport nodes. These will provide low-energy and sustainable apartments and will underpin Sandwell’s commitment to build housing to meet the needs of its residents.</p> <p>The provision of high quality and affordable housing meets fundamental human needs for residents of all ages, enabling people to live better, longer and healthier lives.</p> <p>The regeneration of these key sites in West Bromwich town centre to provide much needed and high-quality new affordable housing will reinvigorate the wider town centre and provide the confidence to drive additional inward private sector investment in the town.</p>
Growing Up in Sandwell	<p>Offering high-quality and affordable housing in West Bromwich town centre, with its local schools, leisure facilities and public transport links, will help offer children and young people the best start in life.</p>

<p>Thriving Economy in Sandwell</p>	<p>New high-quality space for people to live, work and spend leisure time, focussed on sustainable transport links, will drive a truly sustainable town centre economy and arrest the decline of the high street.</p> <p>Delivering regeneration at scale and at pace close to key public transport nodes will encourage travel by sustainable means and will support usage and viability of the public transport network.</p>
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4 Context and Key Issues

Related Previous Cabinet Decisions

- 4.1 In July 2023 Cabinet approved the scope of work (SoW) and route to market for the development partner through the Pagabo Framework which is a construction framework consisting of the below core contractors:
- Engie Regeneration
 - Morgan Sindall Consortium (Muse, Lovells, ECF)
 - Graham Cityheart
 - Sir Robert McAlpine Joint Ventures
 - VINCI UK developments
 - HBD
 - Willmott Dixon
 - Yandr Group
- 4.2 The scope of works agreed by Cabinet at that time was to include:
- West Bromwich Masterplan
 - Grove Lane Masterplan
 - Rolfe Street Masterplan (subject to Cabinet approval)
 - Delivery of the Housing Revenue Account Council Home Newbuild programme (All sites and to include MMC)
 - Transport Pipeline – three CRSTS Schemes (Birmingham to Smethwick Inclusive Growth Corridor; A4123: Multi Modal; A461: Multi Modal totalling circa £40m)
 - Delivery of all Retrofit programmes in HRA homes
 - Asset Rationalisation and Surplus Assets
 - Other Residential Sites – some or all of the Friar Park Masterplan site; Council owned sites suitable for residential development.
 - Tipton Town Regeneration Scheme
 - Regeneration Sites in proposed Sandwell Levelling Up Zone (Wednesbury to Birmingham Rd, Tipton) – subject to approval.
 - Other projects added to the Pipeline as determined by Cabinet.

- 4.3 Following the decision taken by Cabinet, officers undertook a soft-market testing exercise with contractors on the Pagabo Framework. Resoundingly, the feedback from the market at that time was that the SoW was too large which, in turn, would have served to reduce the pool of potential bidders down to limited numbers of developers with subsidiary arms capable of delivering such a variety of work.
- 4.4 Furthermore, it was considered at the time that there are other bidders who have shown informal interest in the delivery of the West Bromwich Masterplan that the council may not want to exclude by going through a fixed framework.
- 4.5 As such, the recommendation is now reflective of an open market procurement exercise that focusses on the delivery of the West Bromwich Masterplan. It is envisaged that this route will expose the council to a greater range of potential market participants which will in turn increase competition and quality.
- 4.6 If successful, it is intended that this model could then be replicated across other Masterplan areas and/or major construction, transport or delivery programmes in the borough.

Planning Policy

- 4.7 Policy SWB1 – (West Bromwich Town Centre) within the emerging Sandwell Local Plan (SLP) states that the strategic priorities for West Bromwich are:
- to reinvigorate the town centre;
 - to unlock land to aid regeneration;
 - to support good quality jobs;
 - to stimulate COVID19 recovery;
 - to promote the highest standards of sustainable urban design.

This will be achieved by:

- delivering a significant number of new homes in and around the centre (Policy SWB2) to support the creation of a vibrant, active and sustainable town centre;
- creating a Metro gateway and new town square and promoting a step change in the quality of local places / the public realm;
- delivering mixed use, leisure, commercial and ancillary office growth in sustainable core locations;
- repurposing vacant premises and sites in the centre to deliver community, education and healthcare provision;

- undertaking site assembly and redevelopment to provide land suitable for new markets, education facilities and high-quality housing;
- regenerating the Town Hall Quarter to establish a fully restored cultural and evening / night-time offer in the town centre;
- creating sustainable travel networks across the centre and into surrounding locations;
- providing a green link from the Metro through the heart of the town centre to connect the town centre to Dartmouth Park and Sandwell Valley, including cycling and walking routes across the town centre through to Sandwell Valley;
- providing landscaping, green links, squares, parks and parklets, sustainable travel networks and additional green infrastructure throughout the centre.

4.8 Opportunities for future development in and around West Bromwich will be supported where they help deliver the aims and objectives set out above.

4.9 Areas such as The Lyng may be suitable for high quality, well-designed mixed-use development and investment. Should such sites become available through land assembly or allocation during the timescale of the SLP, the council will support the production of masterplans that demonstrate how sustainable new development could be brought forward in those areas.

4.10 In summary, the proposals to appoint a master developer to deliver the aspirations of the West Bromwich Masterplan accord with and support current and emerging planning policy.

Site Assembly

4.11 Through the Retail Diversification Programme (RDP) the council have, over the last 3 years, undertaken a number of strategic acquisitions and subsequent land clearance in the town centre to support the delivery of the masterplan. These land holdings will be used to reduce the development viability deficit once in contract with the development partner. Key sites that have been acquired through the RDP include:

- Kings Square Shopping Centre, West Bromwich
- 174-178 Princess Parade, West Bromwich
- Former Kings Cinema, West Bromwich

5 Alternative Options

5.1 Do nothing

5.2 The council could choose to do nothing and place responsibility of delivery of the masterplan wholly on to the private sector development market. However, the viability analysis conducted demonstrates that without public sector intervention to assemble and de-risk sites, the opportunity is highly unviable and therefore will not be attractive to the market to deliver in isolation.

5.3 The Council Deliver the Masterplan as individual sites

5.4 The council could seek to develop individual sites in accordance with the masterplan. This option would require the council to meet fully the development costs, therefore exposing the council to maximum risk and significantly greater levels of prudential than which would be required in partnership. Packaging up larger development opportunities also allows for increasing the economies of scale and ensuring coherent and consistent design across the development areas.

5.5 Direct disposal delivery route

5.6 The council could choose to continue to assemble land in line with key development sites and directly dispose of these on the open market. However, it is considered that individual opportunities are not considered to be of interest to the private sector market due to unviable nature of sites. This option, undertaken as isolated disposals, would introduce significant delivery risk as the council will then become reliant on the private market.

6 Implications

Resources:	Capital Resource Whilst this approval is not seeking Cabinet approval to commit capital resource to the delivery of the masterplan, it should be noted that the early feedback from the economic analysis suggests that a significant capital investment, alongside securing significant levels of grant through partner agencies, will be required to enable the partnership to perform its intended function. The Future Cabinet Report (due to be presented at contract award stage) will clearly
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	<p>outline the development viability gap and recommendations about how the council may satisfy our financial obligations.</p> <p>Revenue Resource The previous Cabinet report secured agreement to fund the professional fees for ongoing legal, procurement and commercial support through existing revenue grant funding outlined in s.2.9. As such, there are no unmet revenue budgetary pressures resulting from the decision to take the procurement exercise to contract award.</p> <p>The council needs to deliver £2.5m of recurring savings by 2026 from its Asset base and will need delivery expertise from an external partner to transform the way the council uses its assets. The procurement of a Strategic Development Partner will support delivery of this alongside any future commercial opportunities.</p>
Legal and Governance:	<p>No immediate implications. The Future Cabinet Report will be presented to enter contract with the preferred partner. That report will also outline the legal/commercial structure to be entered into and the proposed governance approach for approval.</p>
Risk:	<p>The procurement exercise itself exposes the council to financial risk (based on potential abortive professional fees <£100,000) and reputational risk with the private sector development market (if the exercise is unsuccessful or poorly managed). There is, however, also risk associated with not undertaking this exercise primarily based on the council owning large assets in the town centre that without intervention could deteriorate.</p>
Equality:	<p>The procurement of a Strategic Development Partner will ensure increased apprenticeships and local employment for all, including vulnerable groups such as those with mental health issues & disabilities</p> <p>This would be a thread running through all projects and metrics and outcomes would be agreed at project concept stage, built into projects and monitored to ensure a fully inclusive approach to the partnership.</p>
Health and Wellbeing:	<p>The procurement of a Strategic Development Partner will offer a range of health and wellbeing benefits through improving and developing new sustainable</p>

	homes and public spaces, providing associated infrastructure to support new communities being created and assets and places for people to go including improved cycling and walking opportunities.
Social Value:	A key element of the procurement exercise will focus on the potential social value that could be unlocked as part of the procurement of a master developer. A full social value plan will be produced for the project to ensure that the scheme delivers social value through employment, training and apprenticeship opportunities; funding or assistance-in-kind to local community groups; local spend wherever feasible through procurement of labour and materials.
Climate Change:	The regeneration of the Borough is a crucial element of the council's climate change agenda. By facilitating a more diverse and resilient mix of uses including town centre living, retail, culture/leisure, workspace and learning, we can reduce the need for significant travel and encourage more sustainable behaviours. Individual scheme designs for the proposed development sites will incorporate latest MMC along with application of sustainable materials and energy management.
Corporate Parenting	There are no corporate parenting implications associated with this report.

7. Appendices

1. Browne Jacobson Options Paper- December 2024
2. Economic and Social Benefit Analysis (Draft)
3. Existing grant funding revenue budgets.

8 Background Papers

Meeting of Cabinet 12 July 2023 Minutes – (Minute No. 90/23 - Procurement of a Strategic Delivery Partner for the Regeneration Pipeline).