

## Cabinet

<b>Report Title</b>	Friar Park - Appointment of Preferred Development Partner, Authority to enter Joint Venture Agreement with WMCA.
<b>Date of Meeting</b>	Wednesday, 30 July 2025
<b>Report Author</b>	Allison Blakeway Interim Regeneration Manager
<b>Lead Officer</b>	Alan Lunt Executive Director - Place
<b>Lead Cabinet Member(s)</b>	Councillor Peter Hughes Cabinet Member for Regeneration & Infrastructure
<b>Why is this a key decision?</b>	To result in the Council incurring expenditure, the making of savings or the generation of income amounting to £1m or more.
<b>Wards Affected</b>	Friar Park;
<b>Identify exempt information and exemption category</b>	Partially Exempt Appendix 1 Exempt under Paragraph 3, Schedule 12A of the Local Government Act 1972
<b>Is the report urgent?</b>	No
<b>Reasons for urgency (only where applicable)</b>	Not applicable
<b>Appendices (if any)</b>	1. Tender Evaluation Summary EXEMPT under Paragraph 3, Schedule 12A of the Local Government Act 1972

### 1. Executive Summary

- 1.1 This report seeks approval to appoint a preferred developer for Friar Park site selected following a competitive tendering process, and to approve amendments to commercial terms of agreement with West Midlands Combined Authority.

## 2. Recommendations

The Cabinet is recommended to: -

- 2.1 Grant authority to the Executive Director – Place to appoint the Preferred Developer for the Friar Park site as detailed in Appendix 1 (Private), and in conjunction with the Executive Director – Finance and Transformation and Monitoring Officer to complete the contractual agreements with the preferred developer.
- 2.2 Grant authority to the Executive Director – Place to confirm the proposed amendments to the Joint Venture Agreement with West Midlands Combined Authority, and, in conjunction with the Executive Director – Finance and Transformation and the Service Director Governance - Monitoring Officer to complete the agreement with West Midlands Combined Authority.

## 3. Proposals – Reasons for the recommendations

- 3.1 The Friar Park Urban Village site is the largest brownfield housing regeneration site within the WMCA area and has been a long-established regeneration priority for the council.
- 3.2 A masterplan for the site, proposing the provision of circa 630 homes and 10 hectares (ha) of public open space utilising remediated material, and an associated procurement strategy was approved by Cabinet in March 2023 (Minute 35/23refers). A tender process has been undertaken, reflecting the masterplan requirements. The recommendation seeks authorisation for the appointment of a Preferred Development partner to progress the scheme's implementation.
- 3.3 A Joint Venture Agreement was entered into with WMCA following their acquisition of the former Severn Trent sewage works site in 2019, with the overall aim of remediating the land and securing a development partner to deliver a comprehensive, once-in-a-generation, transformational housing scheme in Friar Park. Given changes to the funding and operational arrangements for delivering the scheme, it has been deemed appropriate to revise the Joint Venture Agreement to reflect these changes.

### Preferred Developer Selection

- 3.4 A tender process has been undertaken, which seeks to require developers to remediate the site prior to release of the site for housing development, based on the principles set out in the approved masterplan, with a target of 630 new homes and 10ha public open space being provided.
- 3.5 Tenders were progressed through various stages with a maximum of six bids being anticipated to be invited for detailed submission at the final stage. The programme undertaken, and the responses received are shown in the Table below:

Procurement Stage	Submission Date	No of Bids received	No invited to next stage
Expression of Interest	2 Feb 2024	10	10

Stage 1 Tender	9 August 2024	6	6
Stage 2 Tender	28 March 2025	3	N/A

- 3.6 The tenders have been evaluated on a 60% quality and 40% price basis. The qualitative element considers the extent to which the proposed scheme design meets the aspirations set out in the masterplan, in addition to the proposed partnership model, delivery methods, long-term management and maintenance of public open space, and the proposed approach/contribution to social value. The quantitative basis (price) of the tender considered two main elements – the price required to undertake the remediation works and secondly, details of the land value offer for the remediated site. A summary of the key elements is detailed in the Exempt Appendix to this report.
- 3.7 It is noted that circa £19.4m has been secured through the council's Levelling Up Partnership, the council's Capital programme and WMCA funding for undertaking the remediation works. Bidders were advised of this as part of the tender submission. Where this cost has been exceeded in the proposed bid, each bidder has confirmed their willingness to accommodate excess costs above the funding available.
- 3.8 The price for the land will only be realised once the remediation works are completed (contractual requirement states 31st December 2027), and will be provided on a phased basis as detailed in the tender returns. All financial returns will be split between the council and WMCA on the basis proposed in the Joint Venture Agreement.
- 3.9 The best bid in terms of both quality and price is detailed in the Exempt Appendix to this report. As a result, it is recommended that this bidder is appointed as the preferred developer, and that the associated contracts are completed as soon as practically possible.

### **Joint Venture Agreement**

- 3.10 In October 2019, the council and WMCA entered into a Joint Venture Agreement (JVA) that set out the aims and aspirations for the Friar Park project, provided governance arrangements, and confirmed how the share of any returns would be distributed.
- 3.11 At the time the original JVA was agreed, WMCA had secured finance for the acquisition of the former Severn Trent site, for which a return was anticipated, and funds to deliver the planning and remediation stages of the scheme. The council's contribution was limited to its land, and a minor contribution of £50,000 from the Homes England Capacity fund,
- 3.12 Specifically, the Joint Venture agreement confirmed a priority return of any receipts to WMCA, which put at risk any potential land value return to the council.
- 3.13 A detailed site investigation was undertaken to support the progression of the masterplan, which identified a requirement for a greater amount of remediation to be undertaken than was first thought, resulting in a significant increase in the overall cost of the scheme.

- 3.14 Through the Wednesbury Levelling Up Partnership (LUP), the council secured £11.5m towards the remediation of the Friar Park site, substantially changing the council's position in the Joint Venture Agreement to that of primary funder. Authority was granted to amend the terms of this Agreement to reflect the council's position when the LUP funding was accepted.
- 3.15 It is proposed that a new Joint Venture Agreement is undertaken which more accurately reflects the current position relating to the project. It seeks to retain the original objectives of the parties for bringing forward a comprehensive scheme for housing, whilst at the same time updating those parts of the agreement where changes have occurred over time.
- 3.16 The revised Agreement accurately reflects the funding contributions each party provides towards the scheme and allows for an equal distribution of receipts based on each authority's land ownership contributed to the scheme (circa 52% council owned, 48% WMCA owned). In addition, the proposed Joint Venture Agreement confirms that the council will provide a project manager for the scheme acting on behalf of both parties (this being sourced from existing staff resources), and sets out arrangements for amendment/termination in the event it is deemed that the scheme is not deliverable in the anticipated form.
- 3.17 Approval of the amended Joint Venture is recommended on the basis that it strengthens the councils position in delivering the Friar Park scheme in the following way:
- i) It identifies the maximum financial contribution available from the council towards the delivery of the scheme, and specifically the remediation of the site. This includes funding from the Wednesbury LUP, the council's Capital Programme and the Regional Housing Board Finance scheme reserve (see Para 3.21 below)
  - ii) It confirms the council's position as project lead through confirmation of the appointment of a project manager, met through existing staff resources.
  - iii) It identifies how land receipts will be distributed in an equitable manner for both parties, recognising each party's obligations to meet best value for its land disposal
  - iv) Provides greater clarity on governance arrangements, and for amendment/termination in the event that the scheme is deemed undeliverable in its current form.

### **Funding**

- 3.18 The total costs for the delivery of the scheme have been estimated at £25.33m, including land acquisition, remediation works, master planning, site investigations, developer procurement, planning (for remediation only) and securing the Environment Agency (EA) permit.
- 3.19 WMCA initially secured investment of circa £9.4m which enabled the acquisition of the site, the preparation of the masterplan and early site investigations, with any outstanding amount being identified towards the remediation works. Given increasing estimates in the remediation costs, WMCA approved a further £3.3m investment in July 2024, with the intention

of this being utilised towards the remediation costs of the site. Their total investment in this scheme therefore amounts to £12.7m

- 3.20 The council secured £11.5m for the remediation of the site through the Wednesbury Levelling Up Partnership in September 2023, which complemented the original £50,000 identified from the Homes England Capacity Fund. A further £1.1m was identified in the Regional Housing Board Finance scheme reserve and this was earmarked for Friar Park as reported to Cabinet as part of the Capital Programme for 2024/2025 in December 2024. The overall funding contribution from the council is equivalent to that of WMCA at £12.66m, as shown in the Table below.

Funding Source	Total
WMCA Initial Investment	£9.40m
WMCA additional investment	£3.30m
<b>TOTAL WMCA</b>	<b>£12.7m</b>
SMBC LUP	£11.50m
SMBC HE Capacity Fund	£ 0.05m
SMBC Regeneration Reserve	£ 1.11m
<b>SMBC TOTAL</b>	<b>£12.66m</b>
<i>Overall Total</i>	<i>£25.33m</i>

## **4. Alternative Options Considered**

- 4.1 **Option 1 – Do Nothing.** In this scenario, the site would remain in its current state, and no remediation or development would be progressed. This would significantly reduce the councils capabilities to meet its housing needs and would result in additional pressure to develop greenfield sites. Furthermore, the site would remain in its contaminated and derelict state. This is not considered to be a valid option
- 4.2 **Option 2 – Develop Council owned land only.** The council could consider developing its land ownerships separately to the WMCA site. Whilst this would significantly reduce the requirement for remediation works on the site, it is unlikely to generate the same number of new homes or provide the transformational and aspirational change that arises from progressing the two landownerships collectively. Additionally, it would result in the WMCA land being land-locked, and likely to remain in its contaminated and derelict state. This option has therefore been discounted.

## **5. Consultation**

- 5.1 There has been no requirement to undertake any consultation on the proposals contained within this report.
- 5.2 The evaluation of the tender bids has been undertaken jointly with WMCA. Both parties are content with the recommendation to appoint a preferred developer.
- 5.3 The Levelling Up Partnership Board have responsibility for overseeing the implementation of the LUP programme and have been informed of the progress of the project at regular intervals. They have been advised of the outcome of the evaluation exercise and have confirmed their support for the recommendation.

## **6. Financial Implications**

- 6.1 Confirmation of the appointment of the preferred developer will result in the requirement to remediate the site, for which funding of £12.66m has been identified, including £11.5m LUP funding and the Regional Housing Board Finance scheme reserved identified in Paragraph 3.20 above. It is anticipated that the Remediation works will be completed by December 2027.
- 6.2 The council will act as the Accountable Body for the LUP funding, in addition to managing the project account on behalf of the public sector partners, and in line with its identified project management role in the revised Joint Venture agreement.
- 6.3 The council will receive a share of the overall capital receipt for the disposal of the site which is equivalent to the proportion of land in council ownership (circa 52%). The land value offered as part of the contract is detailed in Appendix 1(Private). The project's agents, Cushman and Wakefield have confirmed that this represents the best value for the site. It is anticipated that housing development will commence during 2028 and is likely to be developed over the period to 2035. The capital receipt will be paid on a phased basis over this period of time.

- 6.4 A Capital Appraisal was undertaken in August 2024. This specifically identified requirements to ensure appropriate management of the LUP programme to ensure project delivery beyond the LUP timescales. It also recommended the further VAT/Tax advice be sought. This has been progressed, and given the phasing of capital receipts from the disposal of the land it is considered that no significant implications arise.

## **7. Legal and Governance Implications**

- 7.1 S.123 of the Local Government Act 1972 provides the power for Local Authorities to dispose of land held by it in any manner it wishes provided that the local authority achieves the best consideration that can reasonably be obtained.
- 7.2 The contractual arrangements for this scheme have been determined in accordance with the Subsidy Control Act 2022. It is confirmed that the structure of the arrangement is such that no subsidy occurs.

## **8. Risks**

- 8.1 The proposed appointment of the Preferred Developer will result in the transfer of risks associated with the remediation and subsequent development of that site to that developer. Through the contractual arrangements, the preferred developer will be responsible for maintaining site security, and for managing risks associated with the remediation works.
- 8.2 However, the council and WMCA will retain some residual risks, particularly associated with governance arrangements relating to the management of the funding programmes and the associated reporting requirements.
- 8.3 The contractual arrangements require that the public sector partners are responsible for obtaining planning consent and the relevant Environment Agency permits to progress the remediation works. Whilst negotiations in both respects have been undertaken and positive responses received, there is a limited risk that such authorisations may not be forthcoming. Ongoing discussions with the Local Planning Authority and the Environment Agency are being progressed to reduce this risk.
- 8.4 Land ownership will not transfer until third party purchasers are secured for the new homes. The council therefore retains its land-owning responsibilities and risks, although many of these are transferred to the preferred developer upon completion of the contractual agreements.
- 8.5 In relation to the remediation works, the preferred developer will take on the responsibility for ensuring the work is undertaken in an appropriate manner and ensuring no contamination of 3<sup>rd</sup> party property arises. The preferred developer is required to ensure that appropriate insurance cover is provided to address any disturbance arising from historic contamination.
- 8.6 There is a risk that, despite the numerous and extensive levels of site investigations undertaken, additional remediation works will be required. The contract requires that the preferred developer funds any requirements over and above the funding currently available. Whilst therefore any additional costs should be met by the preferred developer, it is possible that a request

for further funding support may arise. The public sector partners are under no obligation to accept such a request.

## **9. Equality and Diversity Implications (including the public sector equality duty)**

- 9.1 There are no impacts relating to equality or diversity arising from this proposal.

## **10. Other Relevant Implications**

### **Climate change**

- 10.1 The proposed development of the Friar Park site will result in the remediation of circa 26ha of contaminated land, which will improve the local environment.
- 10.2 The proposed scheme will result in impacts on sites designated as a Site of Importance for Nature Conservation, Community Open Space and Sports Pitches. The proposals seek to ensure appropriate mitigation for these impacts and will be addressed at the planning application stages for the remediation works. In addition, the scheme will be required to secure a 10% Biodiversity uplift, which will be partially accommodated off-site.

### **Social Value**

- 10.3 The contributions to social value proposed by the recommended preferred developer have been considered as part of the overall evaluation of the schemes proposals.
- 10.4 The scheme proposals indicate the following social value benefits:
- Creation of at least 10 jobs for long-term unemployed residents, NEET young people, armed forces veterans and ex-offenders
  - Working collaboratively with local colleges and schools to achieve 6 apprenticeships and increase the number of local young people with NVQ2+ qualifications
  - Delivering 12 Construction Career Information, Advice and Guidance events for the unemployed, schools and colleges, and the Youth Club at the Millennium Centre
  - Creating local business opportunities by directing 30% of sub-contractor spend within 15 miles of the development
  - \*Upskilling construction trades in green technologies to foster domestic energy efficiency and carbon reduction
  - Encouraging future residents to participate in weekly cycling and bike-ability programmes to encourage local spend in Wednesbury town centre and to promote happier, healthier and sustainable lifestyles.
  - Supporting community gardening and growing projects working in collaboration with local youth organisations,

### **Health and Wellbeing**

- 10,5 The scheme will address current contaminated conditions on the site, and will create high quality housing with good standards, as well as 10 ha public open

space, as well as opportunities for walking and cycling. This will generate a high-quality environment, where the health and wellbeing of residents will be promoted.

### Other scheme benefits

- 10.6 In addition to the benefits identified in Paragraphs 10.3 – 10.5 above, an Economic Benefits Assessment has been undertaken which indicates the scheme could generate circa £75m additional benefits into the regional economy – as shown in the Table below:

**Table 4.1: Friar Park Economic Benefits**

<b>Regional Economic Benefits</b>	<b>Quantity</b>
<b>Remediation Phase</b>	
Temporary Net Local Additional Jobs	163 jobs
Total Net Local Additional GVA	£18 million
<b>Construction Phase</b>	
Temporary Net Local Additional Jobs	736 jobs
Total Net Local Additional GVA	£81 million
<b>National Economic Benefits</b>	<b>NPV (£)</b>
Apprenticeships	£300,435
Council Tax Receipts	£9,654,589
Amenity Value of Open Space	£10,936,865
Land Value Uplift (Residential)	£11,917,388
Placemaking	£25,998,238
Health Benefits of Affordable Housing	£360,439
Distributional Benefits	£16,501,523
<b>Total National Economic Benefits</b>	<b>£75,669,477</b>

## 11. Background Documents

N/A

## 12. How does this deliver the objectives of the Strategic Themes?

This report will support the delivery of the following Strategic Themes:-

- **Growing up in Sandwell.** The proposed development will result in new good quality family housing and significant levels of public open space, enabling opportunities for young people to grow up in a secure environment with sufficient space for play and social interaction.
- **Living in Sandwell.** The proposed scheme aims to achieve high quality construction standards, enabling improved living conditions for the scheme's residents. The proposals also incorporate provision for active travel schemes, connecting into the local public transport network, thus reducing reliance upon the need for travel in cars.
- **Healthy in Sandwell.** The scheme proposes the provision of 10ha of public open space including opportunities for physical recreation and mental health benefits. The scheme also includes provision for cycling and walking, which will improve overall fitness levels of the local

population. The housing developed will be delivered to a high standard, utilising modern methods of construction, resulting in better environments in which to live.

- **Thriving Economy in Sandwell.** The scheme will generate opportunities for job creation and apprenticeships, as well as generating business opportunities through the local supply chain, and thus contribute towards generating a thriving economy.
- **One Council One Team Approach.** Many parts of the council will have an involvement in either the delivery of the scheme (e.g. Regeneration and Growth, Land and Assets, Legal, Finance., Development Management), or the operation of the scheme(e.g. Housing, Greenspaces, Education, Public Health). The delivery of the scheme therefore represents a One Council, One Team approach to benefit residents,

## Relevance Check

**Budget Reduction/Service Area: Regeneration**

**Service Lead Tammy Stokes**

**Date: 03.06.25**

In what ways does this Budget reduction have an impact on an outward facing service? How will the service feel different to your customers or potential customers?

N/A

If not, how does it impact on staff e.g. redundancies, pay grades, working conditions? Why are you confident that these staff changes will not affect the service that you provide?

N/A

Is a Customer Impact Assessment needed? No