

Executive 13th May 2025

Digital Manufacturing Innovation Centre – Proposed Project Changes

Relevant Portfolio Holder	Cllr Sharon Harvey
Portfolio Holder Consulted	Yes
Relevant Assistant Director	Rachel Egan, Assistant Director Regeneration & Property
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Wards Affected	All
Ward Councillor(s) consulted	N/A
Relevant Council Priority	Economy and Regeneration
Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	
This report contains exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended	

1. RECOMMENDATIONS

The Executive Committee RESOLVE that:-

- 1. AHR Architects design team costs are increased up to a maximum of £1,450,000 for design of Redditch Digital Manufacturing and Innovation Centre (DMIC);**
- 2. Costs for Gardiner and Theobald (G&T) project management services for the DMIC are increased up to a maximum of £250,000.**

The Executive Committee is asked to NOTE

- 3. Any draw down of contingency is subject to approval by the Deputy Chief Executive (Section 151 Officer) in conjunction with the Assistant Director for Regeneration and Property.**
- 4. That the additional funding at recommendations 1 and 2 above utilises reallocated central government grant monies.**

2. BACKGROUND

- 2.1** In June 2021, Redditch secured an historic investment of £15.6 million Town Deal funding. The Town Deal is the result of the submission to government through the Towns Fund. The Redditch submission was based on a vision for the transformation of the town summarised in

Executive 13th May 2025

the [Town Investment Plan](#). This investment plan was successful in securing funding for the following projects:

- Digital Manufacturing Innovation Centre (£8,000,000)
- Redevelopment of Redditch Library Site (£4,200,000)
- Redditch Public Realm (£3,000,000)

Note that an additional £400,000 was awarded for programme management costs across the above three projects, making up the total £15,600,000 funding award.

- 2.2 A decision has since been taken by the Council to cancel the redevelopment of Redditch Library site, following a change of administration, initially leaving £4,200,000 underspend.
- 2.3 AHR Architects were appointed to carry out the design work for DMIC in January 2024 following a tender exercise via Procure Partnerships framework. Gardiner & Theobald were also appointed to carry out project management services in January 2024. Details of the tender exercises carried out (in relation to both appointments) were summarised in a report to Executive on 9th January 2024 where both appointments were approved.
- 2.4 Design work for DMIC progressed rapidly throughout 2024 and was previously on track to commence construction in Spring 2025. However, in Autumn 2024, the Council's newly appointed regeneration team reviewed the business model and identified potential to expand its benefits and increase financial viability utilising the underspend from the cancelled library project.
- 2.5 The decision was subsequently taken by the Town Deal Board to expand the development and increase the amount of net lettable floorspace, in order that the building can become more sustainable with expanded benefits.
- 2.6 A Project Adjustment Request (PAR) has since been submitted and signed off by MHCLG, to utilise the £4,200,000 Library underspend. The PAR included £3,937,000 for DMIC, with the remaining £263,000 required to complete the Redditch Public Realm project. Note that a request for extended timescales has also been approved by MHCLG which allows until the end of March 2027 to spend the funding.
- 2.7 In consideration of the above, DMIC is being redesigned to increase the building in size resulting in additional economic benefits and overall sustainability.

Executive 13th May 2025

- 2.8 The extent of design work required has subsequently increased as well as timescales for delivering the work (estimated additional 12-15 months). This combination of factors has inevitably resulted in increased design and project management costs.
- 2.8 This report recommends the sign off of the additional design and project management costs associated with the expanded development. A further report will be brought forward for consideration by the Executive, prior to appointment of a construction contractor.
- 2.9 Note that the revised building design will continue to be tailored in line with available budget, utilising required cost consultancy input within the design team. Contingency sums have also been built into the construction estimates, alongside additional contingency held client side, to further safeguard against potential cost increases.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications for the Council in relation to this report as the increase in fees is covered by Town Deal Funding.
- 4.2 Further information relating to the financial implications arising from this report are detailed in the exempt appendix to this report.

5. LEGAL IMPLICATIONS

- 5.1 Note that the additional costs for both AHR Architects and G&T have been quoted in line with original rates provided via the Procure Partnerships framework. Procure Partnerships have also been consulted, alongside the Council's procurement and legal team to ensure that best value is being demonstrated in line with the Council's Contract Procedure Rules. Both AHR and G&T are best placed to provide best value for money given their prior knowledge of the project, combined with rates that have been market tested via the Procure Partnership framework. In the case of AHR, it would not be cost effective or feasible for any other organisation to attempt to pick up the design work midway through the process. It would also not be feasible for another organisation to take on the additional project management tasks, given that they are integrated into existing work being carried out by G&T.
- 5.2 As above, work can be added to the existing NEC4 PSC contracts via compensation events.

6. OTHER - IMPLICATIONS

Executive 13th May 2025

Relevant Council Priority

- 6.1 The proposals detailed in this report align with the Council's Corporate Priority "Economy and Regeneration". They will also support the proposed priority, detailed in the draft Council Plan that is due to be considered at the Annual Council meeting in May 2025, of "Economic Development".

Climate Change Implications

- 6.2 AHR are the lead designers of the building and therefore ensure that designs are environmentally friendly and in line with local and national climate change policies. The design has been through a whole life carbon assessment to minimise the embodied carbon within the building. The super structure has been designed to bring maximum efficiency and reduce material weight. Achieved by reducing spans where possible to reduce the size of beams and columns. High carbon materials like aluminium have been avoided in favour of long-life and recyclable products like brick.
- 6.3 The building will follow a fabric first approach to maximise the sustainability credentials through: a regular, efficient form factor; highly insulated walls (0.15 W/m²K), floor (0.15 W/m²K), and roof (0.15 W/m²K); high-performing windows (1.3 W/m²K) and doors (1.6 W/m²K); and passive solar measures to reduce overheating. It will be fully electric and follow its ventilation, heating, cooling and water systems, which will be low-energy, efficient systems that follow sustainable principles. It will be a sealed (air tightness target 3.5m³/hm² @50Pa), mechanically ventilated building that has a high degree of control to individual spaces that seeks to maintain a consistent and comfortable internal temperature. Heat recovery whilst ventilating the building is done through individual MVHR units within tenant spaces and central air handling for landlord spaces. air source heat pumps provide low-temperature heating to spaces via fan-coil units or wet radiators depending on the space. The building seeks to gain a NABERS accreditation of 4.5 stars in addition to statutory requirements.

Equalities and Diversity Implications

- 6.3 There are no direct equality or diversity implications arising as a result of this report.

Executive 13th May 2025

7. RISK MANAGEMENT

- 7.1 There is an up-to-date risk register which is held by the project team and reviewed at Town Deal Board meetings.

8. APPENDICES and BACKGROUND PAPERS

Appendices:

Appendix 1 – Financial Implications – Exempt Information

Background Papers

“Appointment of Design Team and Project Managers – Towns Fund Schemes”, report to the Executive Committee considered on 9th.

January 2024: [Link to the covering report to the Executive Committee - 9th January 2024](#)

Executive 13th May 2025

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Joe Baker	
Lead Director / Assistant Director	Rachel Egan (Assistant Director Regeneration and Property Services)	11 th April 2025
Financial Services	Debra Goodall (Assistant Director Finance and Customer Services)	10 th April 2025
Legal Services	Nicola Cummings, Principal Solicitor – Governance Claire Green, Principal Solicitor – Contracts, Commercial and Procurement	9 th and 10 th April 2025
Policy Team (if equalities implications apply)	Awaiting Feedback*** (Rebecca Green)	
Climate Change Team (if climate change implications apply)	Awaiting Feedback*** (Matthew Eccles)	