

Birmingham City Council

Report to Cabinet

27th June 2023



Subject: Ladywood Estate Regeneration - Full Business Case and Contract Award

Report of: Strategic Director Place, Prosperity and Sustainability

Relevant Cabinet Member: Councillor John Cotton, Leader of the Council
Councillor Jayne Francis, Housing and Homelessness
Councillor Brigid Jones, Finance and Resources

Relevant O & S Chair(s): Councillor Sir Albert Bore, Co-Ordinating
Councillor Mohammed Idrees, Homes
Councillor Jack Deakin, Finance and Resources

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s): Ladywood		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 010589/2023		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Exempt Appendix 1, Annexes 1A & 1B		
Exempt information relating to the financial or business affairs of any particular person (including the Council)		

1 Executive Summary

1.1 The Ladywood Estate Regeneration Scheme is the city's most significant housing regeneration and redevelopment opportunity and is key to the sustainable growth

and development of the city. The area has been identified for housing led regeneration to address both social and environmental issues and deliver significant benefits for the local community and wider Birmingham economy.

- 1.2 On 19th March 2019 Cabinet approved the commencement of a procurement process to select a delivery partner for the Ladywood Estate, to work closely with the Council and the local community to develop and deliver a masterplan for the regeneration of the area.
- 1.3 This report seeks approval for the Full Business Case for the Ladywood Estate Regeneration Scheme, and the award of a contract for the regeneration of Ladywood Estate to St Joseph Homes Limited (Berkley Homes Plc). It also seeks authority to commence site assembly activity in line with the contract to enable the development and delivery of the regeneration programme.
- 1.4 Further commercially confidential details are contained within Exempt Appendix 1.

2 Recommendations

- 2.1 Approves the Ladywood Estate Regeneration Scheme Full Business Case (FBC) in Appendix 2.
- 2.2 Approves the award of a contract to St Joseph Homes Limited as development partner (with Berkeley Homes Plc standing as the guarantor for the development partner) for Ladywood Estate, Central, in accordance with the principal terms of the proposed contractual obligations under the Development Agreement.
- 2.3 Notes that the Council and St Joseph Homes Limited (Berkley Homes Plc) have set out a Stakeholder Engagement Strategy for engaging with all stakeholders on the regeneration of Ladywood Estate which will be adhered to during the lifetime of the project starting from the award of contract stage through to the completion of the construction of the last phase.
- 2.4 Authorises the Assistant Director Investment and Valuation to negotiate the voluntary acquisition of all land and interests edged red on the plan at Appendix 3 (which, save for the 7 tower blocks which are proposed to be retained, shows the maximum anticipated extent of acquisitions necessary to enable the delivery of the regeneration scheme), in advance of and alongside the use of Compulsory Purchase powers as necessary (as set out at 2.5 below), and, where appropriate, pay statutory home loss, basic loss, and negotiate disturbance compensation to all qualifying owners and tenants, with all costs met by St Joseph Homes Limited (Berkley Homes Plc) in line with the Development Agreement.
- 2.5 Notes that the Council has a conditional obligation under the Development Agreement to utilise its Compulsory Purchase powers (or to obtain vacant possession of those units occupied by secure tenants under the Housing Act 1985) to facilitate the delivery of the scheme, should the use of such be necessary. This will require the Council to enter into a site assembly agreement on a phased basis across the estate. The authority to utilise such powers will be

sought from Cabinet, where necessary and justified, when the scheme has been further developed through public consultation and engagement. To support the development of the scheme to this point, and to enable a robust land assembly approach to be delivered, it is necessary that Cabinet also:

- 2.6 Approves in principle, and subject to the completion of the phased site assembly agreements at 2.5, the making of Compulsory Purchase Orders (CPO) in respect of the land edged red at Appendix 3, (save for the 7 tower blocks which are proposed to be retained, shows the maximum anticipated extent of acquisitions necessary to enable the delivery of the regeneration scheme), such powers to be exercised under section 226 of the Town and Country Planning Act 1990, section 530 of the Education Act 1996, and section 17 of the Housing Act 1985 as appropriate, as well as the acquisition of new rights under section 13 of the Local Government (Miscellaneous Provisions) Act 1976.
- 2.7 Authorises the City Solicitor & Monitoring Officer to complete any indemnity agreements (including surety/guarantee if required) under which all costs, expenses and compensation arising from the Land Assembly and CPO and the pursuance thereof are met by St Joseph Homes Limited (Berkley Homes Plc) to ensure that the City Council is indemnified for all costs and acquisition costs arising from Land Assembly and CPO in accordance with the Development Agreement.
- 2.8 Delegates Strategic Director of City Housing the authority to cease lettings, commence the priority rehousing, serve Initial Demolition Notices on the Council tenants based on the intention to demolish, and to serve Final Demolition Notices and comply with all associated statutory requirements in respect of tenants residing in the properties identified at Appendix 3 to enable the delivery of the regeneration programme in line with the Development Agreement and the phased approach.
- 2.9 Approves the governance and the decision-making arrangements for the Ladywood Estate Regeneration Scheme including the Scheme of Delegations, comprising Project Board (management of the programme) and an Implementation Group (day-to-day running of the Development), as set out and detailed in Appendix 4, and delegates authority to the Strategic Director, Place, Prosperity and Sustainability and Strategic Director City Housing, to review the governance as required.
- 2.10 Approves the commitment of staff resources to manage the delivery of the Ladywood Estate Regeneration Scheme, as shown at Appendix 5. The staff costs associated with the progressing of land assembly (including CPO), all the costs of site acquisition, and all compensation will be funded by St Joseph Homes Limited (Berkley Homes Plc), in line with the Site Assembly Agreement and Development Agreement. Any additional staff costs to support the delivery of the scheme are to be funded from the Delivery Plan Capacity Build Transformation Budget up to a sum of £750,000 covering estimated spend for 2023/24 and 2024/25.

- 2.11 Delegates authority to the Strategic Director, Place, Prosperity and Sustainability in conjunction with the Assistant Director, Procurement, the Acting Director for People and Corporate Services, the Interim Director of Finance (Section 151) and the City Solicitor & Monitoring Officer (or their delegates) in consultation with the Cabinet Member for Finance and Resources to develop a strategy including the procurement route(s) and then to award contracts for the procurement of any professional services over the procurement threshold as required during the project to assist in the delivery of the scheme in accordance with the Procurement and Contract Governance Rules. This includes but is not limited to:
- Stakeholder Engagement
 - Land Referencing
 - Professional advice to support Land Assembly and Compulsory Purchase
 - Cost Management
 - Financial Viability and Economic Assessment
 - Legal Advice
- 2.12 Authorises the Director, Planning, Transport & Sustainability and the Acting Director for People and Corporate Services, the Interim Director of Finance (Section 151) and the City Solicitor & Monitoring Officer (or their delegates) to apply for and accept any external funding associated with the Ladywood Estate Regeneration Scheme to help support the delivery of this programme subject to the funding conditions being acceptable.
- 2.13 Authorises the City Solicitor & Monitoring Officer to take any steps and enter into any legal agreements needed to bring the above into effect, including but not limited to: negotiate, finalise, execute, and complete all necessary legal documentation to give effect to the above recommendations, and in relation to the CPO to carry out preparatory work including land referencing required prior to the making of such orders.
- 2.14 Approves the appropriation of 40 hectares (98 acres) of General Fund land, held within the Housing, Education, Economic Development, Leisure, Social Services and Transportation service areas shown on the plan at Appendix 6 to the Housing Revenue Account.
- 2.15 Notes that a developer could not be found to take the Ladywood Estate, Broad Street scheme forward at this time, a further report will be submitted to Cabinet on the future proposals for the area.

3 Background

3.1 Context

- 3.1.1 The Birmingham Development Plan (2017) and emerging Central Birmingham 2040 Framework sets out a vision for Ladywood to become the home of new

aspirational neighbourhood with well-balanced infrastructure, including private and communal open spaces, improved network of local walking routes and community facilities.

- 3.1.2 To deliver this ambition, the “Big City Plan – Ladywood” report was approved by Cabinet on 12th February 2019. This set out the procurement strategy, and authorised commencement of the procurement process to identify development partner(s) and the procurement of professional services to support that process.
- 3.1.3 In April 2019, the Council commenced the procurement of development partners for the Ladywood Estate Regeneration Scheme area. Three parties were selected following initial expressions of interest. A final submission was made in December 2022 with a detailed masterplan, full business plan, and confirmation of commercial and social value outputs for the project.
- 3.1.4 The Ladywood Estate is a residential neighbourhood located in the city centre and a short walk from the major commercial, business, and tourist areas of the City Centre. Appendix 3 shows the extent of the Ladywood Estate Regeneration Scheme. It is home to a very culturally diverse community, which is both young and growing, with over 5,000 people now living in the area. The local community is served by two small shopping parades, two schools, and community facilities. Ladywood is amongst the 10% most deprived wards in England with many residents facing significant economic, health and social challenges.
- 3.1.5 The Ladywood Estate currently comprises 1,979 existing homes which consist of:
- 1266 in the Council’s ownership
 - 628 of the above in 7 tower blocks (which also includes additional private leaseholders)
 - 146 owned by other Registered Providers (RP)
 - 567 in third party private ownership
- 3.1.6 Ladywood’s current character was shaped by the clearance of terraced housing and industrial buildings during the 1960s and 1970s. The housing estate is an outdated network of cul-de-sacs, dead ends and alleyways with rows of two-and three-storey houses, maisonettes, and concrete towers, interspersed with under-utilised green space, poor natural surveillance and limited transport connectivity.
- 3.1.7 It is estimated that the Council’s current housing stock and public buildings in the area would currently require in excess of £125million of re-investment to simply bring the stock up to EPC standard C, which is the minimum requirement for current living standards and tolerable energy efficiencies. This approximated sum would exceed the Council’s current business planned capital expenditure housing budget.

3.2 Preferred Bidder

- 3.2.1 Following the conclusion of the procurement process it is recommended that the contract is awarded to St Joseph Homes Limited as development partner and Berkeley Homes Plc as guarantor for the Ladywood Estate Regeneration Scheme. Further details of the evaluation process are in 7.4.
- 3.2.2 St Joseph Homes Limited (Berkeley Homes Plc) is an experienced regeneration organisation with outstanding expertise in new estate delivery with current examples at:
- Woodbury Down – delivery of 2,300 homes in partnership with London Borough of Hackney.
 - Kidbrooke Village – delivery of 4,000 homes in the Royal Borough of Greenwich
 - Twelvetreets – selected by the Greater London Authority for a 26-acre site in Newham.
- 3.2.3 Berkeley Group Plc, the parent company of Berkeley Homes Plc has a current net worth of over £1.2bn with pre-tax profits of over £551 million for the year 2022. Berkeley Homes Plc, therefore, represents the UK's foremost capable housing development partner for undertaking the scale and size of the proposed investment required to deliver the Ladywood project.
- 3.2.4 As part of the procurement process, bidders were required to develop an indicative Masterplan. The Masterplan prepared by St Joseph Homes Limited (Berkeley Homes Plc) will be the basis of consultation with the community once the contract has been awarded. A programme of extensive consultation will be carried out with a Stakeholder Engagement Strategy developed in partnership with St Joseph Homes Limited (Berkeley Homes Plc). Key stakeholders including residents, community organisations, schools and local businesses will be engaged to input into the development of the final Masterplan. This public engagement will commence on award of contract with the programme to be launched in September 2023 and continue for at least 4 years.
- 3.2.5 The proposal submitted by St Joseph Homes Limited (Berkeley Homes Plc) will include the delivery of a comprehensive holistic and sustainable regeneration programme covering over 60 hectares of land on the edge of the city centre.
- 3.2.6 The total value of the project bid will deliver in excess of £2.2 billion investment into the Ladywood area during the project's lifetime and will require over £176 million investment in land assembly.
- 3.2.7 There are four separate phases of development in accordance with the obligations in the Development Agreement, to be delivered over a period of 20 years. The indicative phases are shown at Appendix 7.
- 3.2.8 The Masterplan will seek to deliver a high-quality residential neighbourhood. A rich diversity of housing types and sizes proposed including 1, 2 and 3 bedroom

apartments, and 3 and 4 bedroom houses, in various tenures including build to rent units, affordable, extra care provision as well as private housing. This will include:

- 7,531 new and replacement homes built over 4 phases delivered over 20 years with:
 - 638 new Council affordable homes in the first 3 phases on a “like for like” basis, specifically: -
 - Phase 1 - 228 homes
 - Phase 2 – 257 homes
 - Phase 3 – 152 homes
 - A further 628 refurbished Council owned affordable apartments within the 7 Tower blocks.
 - 427 new affordable homes in phase 4 and a further 146 re-provided Registered Social Landlord (RSL) owned homes.
 - New affordable homes will be at 16.08% across Phases 1, 2, 3 and 4 (including the tower refurbishments this rises to 22.54%).

3.2.9 The obligations within the Development Agreement include the requirement that the re-provision of the Council’s housing stock is prioritised into the earlier phases with 70% returned in the first two phases. This is important in ensuring a successful and early decantation strategy and re-providing affordable homes for the residents.

3.2.10 The total value of the refurbished and replaced homes to modern energy efficient standards is estimated to be worth more than £175million to the Council.

3.2.11 St Joseph Homes Limited (Berkley Homes Plc) has a corporate policy commitment to ensure all homes are carbon net zero by 2030, ensuring a class leading EPC Category A standard, which will be in place for the first phases of programme delivery.

3.2.12 St Joseph Homes Limited (Berkley Homes Plc) is already a carbon positive business and are committed to become, net zero carbon by 2040. The Development Agreement includes commitments for St Joseph Homes Limited (Berkley Homes Plc) to:

- Reduce the in-use lifetime carbon emissions of the homes built.
- Focus on the efficiency of the building fabric and appropriate low carbon technologies including heat pumps and photovoltaics.
- Utilise of advanced manufacture and modern technologies.
- Use of biodiesel in place of traditional gas oil during construction.
- Use electric and hybrid machinery to cut emission and reduce carbon footprint.

3.2.13 The St Joseph Homes Limited (Berkley Homes Plc) bid commits significant financial investment in excess of £330 million into improved social infrastructure, new schools, business incubator space, public realm and green space. This includes:

- Over 14 hectares of urban green open space dramatically improving both quality and quantity of the public realm environment for the residents, This includes: Sustainable urban drainage systems (SUDS) designed within landscaping, garden streets and new green streets, a Multi-Use Games Area (MUGA) and new sports pitch areas, an amphitheatre, and canal towpath improvements.
- Two new large urban parks in the north and south of the project area, each linking residential areas and squares to the city, and comprising over 75,000 sqm of green space.
- A new pedestrian bridge across the canal and rail line, together with new publicly accessible canal towpaths offering greater connectivity to employment and other uses.
- Reopening of the canal basin to be publicly accessible, with improved biodiversity and public realm.
- Delivery of two new schools including one new (4-form entry) primary school and one new (4-form entry primary & 6-form entry secondary) combined school.
- New podiums at the bases of tower blocks offering space for community uses, including early years and education centres.
- Commercial, health and business incubator enterprise provision totalling approximately 11,750 sqm to be apportioned in the first three phases, including the re-purposing of substantial Grade II Listed buildings along Ledsam St.
- New local centres for the neighbourhood and community use.
- A comprehensive Stakeholder Engagement exercise to establish the communities' priorities and help shape the masterplanning programme for the Ladywood area.
- A dedicated Community Liaison Officer will be appointed by St Joseph Homes Limited (Berkley Homes Plc) providing a consistent point of contact for local stakeholders throughout the development

3.2.14 The project will also deliver:

- 10,000 full time equivalent jobs over the lifetime of the project.
- Over 1,000 apprentices will be supported on site over the project.

- A bursary programme which will directly support the Council's Building Birmingham Scholarship Programme and will be targeted primarily at young people in the LERS area or surrounding wards.
- A total of 10,000 work placement hours. Placements will come from a combination of Women into Construction, Street Elite, the Council's Employment Access Team programmes and local higher education institutions.
- Support to 1,000 disadvantaged individuals annually.
- Funding to 120 community projects.
- A Construction Skills Centre and an Employment Pathways Programme.
- A Community Development Trust which will be entitled to the eventual transfer of identified community assets and the majority of public space areas.
- Payment of the Real Living Wage in accordance with the Council's policy.
- Use of www.matchmyproject.org to identify community projects to be delivered.
- Employment of a Social Value Manager to support the delivery of all commitments.

3.3 Land Assembly

- 3.3.1 The delivery of the scheme requires the assembly of land in addition to that already in Council ownership. The intended approach is to secure land by voluntary agreement where possible, but to use Compulsory Purchase powers where necessary as a last resort. Entering into the Development Agreement with St Joseph Homes Limited (Berkley Homes Plc) conditionally commits the Council to this approach.
- 3.3.2 This report seeks authority in principle for the use of CPO powers. This enables preparatory work to be carried out. This work is important because it will inform and support the community engagement and consultation on the masterplan, inform the preparation of a viable and deliverable masterplan, and ensure that should CPO powers be required in future the Council has a robust case. The work will include land referencing, negotiations, and the preparation of a justified case. Appendix 8 sets out the basis of the justification for CPO and identifies how this will be developed to inform future reports. Appendix 9 considers the human rights implications of the use of CPO.
- 3.3.3 The assembly of the land will need to be informed by the detailed engagement and consultation with the community to develop the Masterplan. The programme of land assembly will reflect the phased approach to the scheme delivery, with the current intent being to carry this out in four phases (as set out at Appendix 7). Opportunities will be sought for early acquisitions, and the focus will be on delivering the sites through voluntary negotiations. If required, Cabinet authority

will be sought for CPO for each phase at the appropriate stage and subject to the conditions precedent of the Master Development Agreement and relevant Phase Development Agreement (DA) and the relevant Phase Site Assembly Agreement (SAA) being achieved.

- 3.3.4 For the avoidance of doubt, the area identified edged red in Appendix 3, outlining the full extent of the land proposed to be assembled to facilitate the scheme, presumes to exclude the 7 tower blocks, identified as: Lincoln (Phase 1), Wells, Truro and Brecon (Phase 2), Canterbury and Durham (Phase 3) and Salisbury (Phase 4). These are intended for retention and long-term refurbishment.
- 3.3.5 A Local Lettings Plan (LLP) will be devised to maintain stable communities whilst meeting the needs of individuals who need to remain in an affected area. It can further create greater community input into the regeneration of the scheme. LLPs are created in line with the City Council's Option to Return policy. This policy aims to provide housing regeneration schemes with a clear approach to managing the rehousing process in an efficient, timely and fair manner. It provides an outline of how affected residents will be rehoused to deliver the vacant possession of properties identified within the scheme at the same time as trying to meet the needs and aspirations of those affected.

4 Options and Recommended Proposal

- 4.1 As part of the FBC the following options were considered:
- 4.1.1 Option 1 – Do nothing. The area has remained largely unchanged since it was built. Ladywood Estate remains the largest housing estate in Birmingham that has not received any major regeneration and is in an area that represents a significant housing market regeneration opportunity. This option has been discounted on the basis that in the absence of a comprehensive approach to the area's regeneration the social, economic, community and environmental issues will not be addressed.
- 4.1.2 Option 2 – Comprehensive redevelopment of the site and disposal through sale of the land on the open market. The Council would have no influence over the timing and quality of the development and the nature of land ownerships and infrastructure this would undermine the ability to deliver a comprehensive approach. For this reason, this option has been discounted.
- 4.1.3 Option 3 - To award the contract for a development partner to produce a masterplan in line with the Council's aspirations for the regeneration of the area. A full viability assessment will be used as the basis for the evaluation of bids and the selection of partners. Complete resident engagement of the Masterplan will be undertaken by the development partner on award of the contract to inform the delivery strategy for the project. This option aligns with the aspirations of the Council for the regeneration of the Ladywood Estate, whilst enabling a significant degree of community engagement / empowerment and ensuring that the existing

community is fully integrated in the regeneration process. This is the recommended option.

4.1.4 Following the completion of the procurement process the following options were considered:

4.1.5 Option 1 - To award the contract - this is the recommended option as it will support the delivery of the Council's vision and policies for the site. This option necessitates the subsequent decisions set out in Section 2 of this report, as they are all required to enact the Council's obligations under the Development Agreement (DA).

4.1.6 Option 2 - Not award – Not to award the contract will not enable the Council to bring forward the development of the area in a holistic, coherent manner that optimises the opportunity to attract private sector investment and provide the best value for money. It would also fail to deliver the social, economic and environmental benefits, the aspirations for which were reported in the previous Cabinet report in 2019.

5 Consultation

5.1 A Stakeholder Engagement Strategy will be developed in partnership with St Joseph Homes Limited (Berkley Homes Plc) to ensure that stakeholders that have an interest or whom may be affected by the scheme are appropriately engaged throughout the life of the Development and have the opportunity to shape the final plans for the regeneration of the area.

5.2 The Stakeholder Engagement Strategy will include public consultation, this could take the form of community engagement days, round table meetings, a Design Committee, working groups, roadshows, fun day and community events and business network sessions. The engagement undertaken will be arranged as the proposals for the Ladywood Estate are progressed to ensure all relevant stakeholders are engaged in the process and have an opportunity to shape the proposal throughout the project's development.

5.3 Local ward members have been consulted and fully support the project.

6 Risk Management

6.1 The key risks and mitigations are summarised below:

Risk	Mitigation
Partnership - failure to develop and maintain relationship (the Council and the Developer)	Agreed roles, responsibilities, communication and reporting requirements to ensure DA obligations are delivered. Clarity of project governance and induction of new team members into ways of working and collaboration.

Developer Insolvency	Robust finance evaluation of the development partner current status before drawdown of each delivery phase.
Delay due to challenges associated with Land Assembly	Early engagement by the Council and developer with third party interests to maximise support and buy-in and provide required time for negotiations. The Council has significant experience of Land Assembly and will put an appropriate professional team in place to deliver the necessary activity. The Land Assembly Working Group will establish a robust work programme and monitor potential risks. Potential programme delays will need to be assessed for impact on scheme viability.
Delays in gaining approvals	Colleagues from other disciplines (Planning / Housing / Education / Property and Legal) are supporting the delivery of the scheme to ensure timescales, policy and procedures are adhered to.
Commitment from directorates across the Council	Work closely with the Ladywood Estate Implementation Group to ensure resources can be allocated and issues are identified early and resolved.
Community buy-in for masterplan not achieved.	Work closely with community engagement specialists and key community groups from the outset with early identification of issues for resolution.
Increased Acquisition Costs	Expert advice has been obtained from commercial advisers in respect of the property valuations to ensure that they accurately reflect the market values at the time. Compensation to the occupiers and disruption to the businesses has been built into the project costs. This will be continually monitored through the Land Assembly Working Group.

6.2 Further risks, mitigations and opportunities are shown in the Risk Register at Appendix 10.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the Council's priorities, plans and strategies?

7.1.1 The recommended decisions contribute to the Council Plan 2022 – 2026 objectives / outcomes as follows:

- **A Bold Prosperous Birmingham;** This scheme will provide a significant quantum of new homes and create a new aspirational neighbourhood. The Council is committed to the development of enough high-quality new homes, green open spaces, local centre, and education facilities to meet the needs of a growing city. It will also create business and employment opportunities.
- **A Bold Green Birmingham;** Ensure that an essential ingredient of the urban neighbourhood is a green tapestry forms an integral part of the proposals in establishing more space for nature and creating a more resilient and sustainable place. The new homes will be built to a high standard of energy efficiency by using the latest technologies.
- **A Bold Inclusive Birmingham;** to deliver new, quality homes, education facilities and neighbourhoods, to ensure affordability for all and create healthy, happy and attractive places to live.
- **A Bold Healthy Birmingham;** the links between health and access to green open space are well recognised, as are the links between health and good quality housing. The scheme will support active and healthy lifestyles through the mix of uses and spaces across the neighbourhood benefiting physical and mental health of all.
- **A Bold Safe Birmingham;** new homes, green open spaces and local centre will be developed which will provide safe spaces, with natural surveillance, sustainable, and connected neighbourhood in which all communities can thrive.

7.1.2 The regeneration of Ladywood Estate is a specific action within the Council's Plan 2022-2026 strategic outcomes, to support the priority of jobs and skills to create conditions for inclusive and sustainable growth which delivers and sustains jobs and homes across Birmingham. It also supports the priority action to use the Council's property assets for development, regeneration and investment

7.1.3 The regeneration of the Ladywood Estate supports the Council's leading role in tackling climate change, as the project adopts international best practice in climate change and carbon reduction activity, and has an evaluation framework to monitor the climate impact during the design and construction of the development.

7.1.4 The delivery of the Ladywood Estate proposals aligns with policy objectives in the Council Plan 2022–2026 (To Support, To Serve, To Level Up) the Birmingham Development Plan, the Health and Wellbeing Strategy, and Clean Air/Climate Change Emergency including Route to Zero, as well as the Council's Economic Recovery Plan.

7.1.5 The proposals support the delivery of the Birmingham Transport Plan, the emerging Our Future City Plan: Central Birmingham 2040 Framework, and the emerging Local Plan review.

7.1.6 [Birmingham Business Charter for Social Responsibility \(BBC4SR\)](#)

St Joseph Homes Limited (Berkley Homes Plc) is a certified signatory to the BBC4SR and has produced an action plan proportionate to the value of the proposed contract. These actions will be managed and monitored during the

contract period. Summary of the key commitments to be delivered are listed in 3.1.21.

7.2 Legal Implications

- 7.2.1 Section 1 of the Localism Act 2011 contains the Council's general power of competence, which is circumscribed only to the extent of any applicable pre-commencement restrictions and any specific post-commencement statutory restriction of that power, and Section 111 of the Local Government Act 1972 contains the Council's subsidiary powers to do anything, including the borrowing or lending of money, or the acquisition or disposal of any property or rights, which is calculated to facilitate or is conducive or incidental to the discharge of any of its functions
- 7.2.2 Section 120 of the Local Government Act 1972 authorises the Council to acquire by agreement any land for the purposes of any of their statutory functions or for the benefit, improvement, or development of their area.
- 7.2.3 Section 121 of the Local Government Act 1972 authorises the Council, with the authority of the Secretary of State, to acquire land compulsorily for any purpose for which they are authorised by any statute to acquire land by agreement, except for the benefit, improvement or development of their area under Section 120, for any purpose under their functions under the Local Authorities (Land) Act 1963, or for any purpose where their power of acquisition is limited to acquisition by agreement under any enactment.
- 7.2.4 Section 122 of the Local Government Act 1972 authorises the Council to appropriate any land belonging to the Council which is no longer required for any purposes for which it is held immediately before the appropriation for any other purpose for which it may acquire land by agreement, subject to the rights of other persons in, over or in respect of the land concerned. The Council may not appropriate any land under this section which forms part of a commons (unless it does not exceed an area of 250 square yards) or which comprises or forms part of an open space unless it has first advertised its intention to do so in a newspaper circulating in its area for two consecutive weeks and considered any objections to the appropriation that may be made to the proposed appropriation.
- 7.2.5 Section 123 of the Local Government Act 1972 authorises the Council to dispose of any land they hold in any manner they wish provided they obtain the best consideration that can reasonably be obtained for it. Any disposal at less than the best consideration that can reasonably be obtained may only be made with the consent of the Secretary of State. The Council may not dispose of any land under this section consisting or forming part of an open space unless it has first advertised its intention to do so in a newspaper circulating in its area for two consecutive weeks and have considered any objections to the disposal that may be made to the disposal.
- 7.2.6 Section 9 of the Housing Act 1985 authorises the Council to provide housing accommodation by erecting houses or converting buildings into houses on land

acquired by the Council for the purposes of Part II of that Act or by acquiring houses. It also authorises the Council to alter, enlarge, repair or improve a house so erected, converted or acquired. It equally authorises the Council to exercise these powers in relation to land acquired for the purpose of disposing of houses provided or to be provided on the land or of disposing of the land to a person who intends to provide housing accommodation on it.

- 7.2.7 Section 12 of the Housing Act 1985 authorises the Council, with the consent of the Secretary of State, to provide and maintain in connection with housing accommodation provided by them under Part II of that Act, buildings adapted for the purpose of use as shops, recreation grounds and other buildings or land which in the opinion of the Secretary of State, serve a beneficial purpose in connection with the requirements of the persons for whom the housing accommodation is provided. This power may be exercised by the Council itself or jointly with another person
- 7.2.8 Section 13 of the Housing Act 1985 authorises the Council to lay out and construct public streets or roads and open spaces on land acquired by them for the purposes set out above and where they dispose of land to a person who intends to provide housing accommodation on it, the Council may contribute towards the expenses of the development of the land and the laying out and construction of streets on it, subject to the condition that the streets are dedicated to the public.
- 7.2.9 Section 17 of the Housing Act 1985 authorises the Council to acquire land for any of the above purposes and it may do so by agreement or compulsorily, with the authority of the Secretary of State. The Council may, subject to any conditions imposed by the Secretary of State, acquire such land notwithstanding that it is not immediately required but may only do so compulsorily provided the Secretary of State is of the opinion that it will be so required within 10 years of the confirmation of the Compulsory Purchase Order.
- 7.2.10 Section 19 of the Housing Act 1985 authorises the Council to appropriate any land vested in them or at their disposal for the above purposes, but it may not appropriate any land consisting of a house or part of a house without the consent of the Secretary of State.
- 7.2.11 For the purposes of paragraphs 7.2.6 to 7.2.10 above, houses also include flats.
- 7.2.12 Section 32 of the Housing Act 1985 authorises the Council to dispose of any land held for the purposes of Part II of the Housing Act 1985 in any manner but only with the consent of the Secretary of State. The Secretary of State has issued the General Housing Consents 2013 (issued March 2013 and corrected July 2013) which set out the circumstances where such disposals can take place without the need for specific consent from the Secretary of State, including circumstances such as disposals of vacant land, disposals at market value and disposals of reversionary interests in houses and flats.

- 7.2.13 Sections 171A to 171H of the Housing Act contain provisions relating to the preservation of the Right to Buy of Secure Tenants in the event of any disposition of the reversion to a buyer who is not a Private Sector Landlord.
- 7.2.14 Schedule 5A of the Housing Act 1985 contains the Council's powers to manage any programme of any intended demolition of houses and flats as part of a regeneration programme
- 7.2.15 The Highways Act 1980 sets out the relevant powers for changes to existing highways and the adoption of new roads, the Road Traffic Regulation Act 1984 contains the powers to make appropriate Traffic Regulation Orders.
- 7.2.16 The relevant legal powers for the making of a CPO are contained in section 226 Town and Country Planning Act 1990, section 17 of the Housing Act 1985 and section 530 of the Education Act. Further consideration of the scheme and needs of the area will determine which power will be used for each order to ensure the most specific power is used for the purpose in mind. Section 13 of the Local Government (Miscellaneous Provisions) Act 1976 is relevant in respect of acquiring new rights.
- 7.2.17 In considering whether to make a CPO the Public Sector Equality Duty and Human Rights considerations apply, Appendices 8 and 9 provide further information in this regard. Any proposed compulsory acquisition will be in accordance with the requirements of the Department for Levelling Up, Housing and Communities, Compulsory Purchase Process Guidance February 2018 (updated July 2019) which governs the use of Compulsory Purchase Powers.
- 7.2.18 Under Schedule 1 of the Academies Act 2010 the Council may not dispose of, or appropriate for any other use, any land which has been held by the Council wholly or mainly for the purposes of a school, or a 16 to 19 Academy within the previous 8 years, without the consent of the Secretary of State.
- 7.2.19 Under Section 77 of the School Standards and Framework Act 1998 the Council may not, without the consent of the Secretary of State, dispose of any playing fields which are being used by a maintained school for the purposes of the school, or which were so used within the preceding 10 years.

7.3 Financial Implications

- 7.3.1 St Joseph Homes Limited and Berkeley Homes Plc will be the Contracting Entities (as development partner and guarantor respectively) and responsible for overall delivery, but working closely with the Council. The Council will lead on bids and applications for public sector funding.
- 7.3.2 The costs associated with land assembly for the scheme will ultimately be funded by the St Joseph Homes Limited (Berkeley Homes Plc), in line with the Site Assembly Agreement and Development Agreement. This includes negotiating and making acquisitions, progressing with Compulsory Purchase powers if required, , all the costs of site acquisition, and all compensation.

- 7.3.3 The acquisition and transfer of properties by the Council within the Ladywood area will have complex and potentially significant VAT and Stamp Duty Land Tax (SDLT) implications. The VAT and SDLT implications of the project will be considered in detail and kept under active review as the project develops. In relation to this proposed transaction the VAT implications for the Council have been pre-assessed by the Council's tax advisor. This contains a preliminary assessment of the Council's likely VAT position with due regard to SDLT (on the land assembly programme, VAT on the provision of both internal and external agency services and the capital received sums that are identified in the bid itself). A more detailed appraisal of the Council's VAT and SDLT areas of potential liability are referred to in Exempt Appendix 1.
- 7.3.4 As part of the drawdown of each phase, that phase will have to meet agreed conditions, including undertaking viability analysis, before commencement.
- 7.3.5 The Council understands there is a level of gap funding required within some phases and has identified that this can be addressed through various funding bodies that support schemes like Ladywood Estate Regeneration Scheme. The Council will take the lead on any required external public sector funding needs of the project.
- 7.3.6 The estimated spend for any professional services are contained in Appendix 5.

7.4 Procurement Implications

- 7.4.1 This section details the procurement process for Ladywood Estate Regeneration Scheme .

Stage 1 - Selection Stage

- 7.4.2 On 3rd April 2019, the procurement process formally commenced with the publication of a Contract Notice in the Official Journal of the European Union (OJEU) advertising the opportunity. It was also advertised on www.finditinbirmingham.com and Contracts Finder and the opportunity was immediately available for interested parties to download from the City Council's tender portal, INtend. A press release announcing the commencement of the process was released to various specialist property trade publications with local and national coverage.
- 7.4.3 In response to the advertisement, three organisations expressed an interest and were requested to complete and return a Selection Questionnaire (SQ) by 8th May 2019.
- 7.4.4 Following the evaluation and moderation process, the then Acting Director, Inclusive Growth approved and signed off the shortlist of 3 bidders to proceed to the Dialogue Stage.

Stage 2 – Dialogue Stage

7.4.5 On 19th July 2019, the three shortlisted bidders were issued with the Invitation to Participate in Dialogue (IPD) document. This formally commenced the dialogue stage of the procurement process.

7.4.6 The main objective of the Dialogue stage was for Bidders to develop their proposals, with input, advice and feedback from the City Council, until at least one proposal was capable of constituting the most economically advantageous tender that met the Project Objectives approved by Cabinet on 12th February 2019. The project objectives will be used to evaluate final tenders as shown in the following table:

68%	QUALITY	49%	CONCEPT (Uses & Design)	1	Residential	60%	100%
				2	Public Realm	20%	
				3	Transport, Linkages & Connectivity	10%	
				4	Complementary Uses	10%	
		36%	DELIVERY	5	Partnering Approach	60%	100%
				6	Delivery & Resources	40%	
		15%	OPERATION	7	Long Term Structure	60%	100%
				8	Smart Cities	20%	
				9	Temporary Uses	20%	
		100%					

12%	SOCIAL VALUE	100%	SOCIAL VALUE	10.1	Buy Local	20%	100%
				10.2	Local Employment	30%	
				10.3	Partners in Communities	30%	
				10.4	Green & Sustainable	20%	
						100%	

20%	PRICE	100%	COMMERCIALITY	11	Funding & Viability	40%	100%
				12	Financial Structure	60%	
		100%					

7.4.7 A series of dialogue meetings were arranged during the Dialogue Stage from 31st July 2019 to 11th October 2022 to provide the City Council and Bidders with the opportunity to:

- Provide constructive feedback;
- Test assumptions and rationale;
- Identify and discuss any issues that require further clarification or resolution; and

- Resolve any issues that require dialogue prior to close of dialogue and inviting bidders to submit final tenders.
- 7.4.8 The meetings were structured with an internal pre-meeting beforehand, followed by a dialogue meeting with the bidding party. Whilst the topics for the initial meetings were generally pre-determined by the City Council, bidders had the opportunity to make amendments and review agendas beforehand to suit their individual resourcing and progress in developing their tender proposal.
- 7.4.9 Bidders had the opportunity to contact the City Council via the INtend portal to raise any clarification questions. All clarification questions received were duly responded to all bidders.
- 7.4.10 When lockdown was announced in March 2020, formal dialogue was paused in consultation with the bidders. Bidders were updated during the pause period and it was agreed to re-start the dialogue process from September 2020.
- 7.4.11 On 14th September 2020, after four dialogue meetings, one of the bidders confirmed that they were withdrawing from the process. Likewise, on 20th November 2020, (after six dialogue meetings) another bidder also withdrew from the procurement. Written feedback was received from both organisations stating that their reasons for withdrawing were not a consequence of the procurement process.
- 7.4.12 Following the withdrawal of the two bidders, a review of the procurement process was undertaken in consultation with the Council's legal advisor, Pinsent Masons LLP, it was agreed the process should continue with the remaining bidder.
- 7.4.13 In total, a further nine dialogue meetings were required, as well as dialogue workshops covering legal, education provision, housing and decanting, social value, financial appraisal and a Land Assembly strategy.
- 7.4.14 During the dialogue stages, the remaining bidder was invited to present their proposals to the Leader of the City Council and the Ward Members for Ladywood.
- 7.4.15 The dialogue stage was formally closed on 10th October 2022 when it was confirmed that the Council had one solution capable of constituting the most economically advantageous tender, meeting the requirements. The bidder was advised on the same day and simultaneously issued with the Invitation to Submit Final Tender (ISFT) document and supporting legal documentation.

Stage 3 – Invitation to Submit Final Tenders (ISFT) Stage

- 7.4.16 The third stage of the process was to request final tenders. During this period, the bidder had the opportunity to contact the Council via the Intend portal if there was any doubt as to the interpretation of the ISFT documentation or if they considered that any of the requirements were ambiguous. All clarification

questions received were duly responded to the bidder before the tender return deadline.

7.4.17 The bidder returned a response by the submission deadline of 4th November 2022.

7.4.18 The evaluation of the Final Tender was carried out by representatives from Property Services, Housing Development, Planning, Transportation and City Operations with expertise in housing, planning, leisure, arts culture, sustainability, digital technology, transportation, social value and finance. Advice was also provided by representatives from Avison Young Ltd (Delivery Adviser) and Pinsent Masons LLP (Legal Adviser).

7.4.19 The moderation of the Final Tender was chaired by the Strategic Director, Place, Prosperity and Sustainability in conjunction with the Director, Planning, Transport and Sustainability The evaluation and moderation process was overseen by the Council's Corporate Procurement Services.

7.4.20 The outcome of the quality, social value and price evaluation is shown in the table below:

Quality Evaluation (68% Weighting)

The results of the quality evaluation are shown below:

COMPANY	Berkeley
Quality Score (Max 100)	63.16
Weighted Score (Max 68)	68.00
Rank	1

7.4.21 The tender submission scored above the quality threshold of 60% and proceeded to the social value evaluation stage.

7.4.22 The tender response scored particularly strongly in all the areas for quality with the exception of Smart Cities and Complimentary Uses. As part of the mobilisation, St Joseph Homes Limited (Berkeley Homes Plc) will be advised of the weaknesses and be required to work with the Council to produce proposals to ensure these areas are addressed during the delivery phases.

Social Value Evaluation (12% Weighting)

The results of the social value evaluation are shown below:

COMPANY	Berkeley
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Quality Score (Max 100)	70.00
Weighted Score (Max 12)	12.00
Rank	1

No significant issues arose from the social value evaluation.

Price Assessment (20% Weighting)

The result of the price evaluation is shown in the table below:

COMPANY	Berkeley
Price Score	58.00
Weighted Score (Max 50)	20.00
Rank	1

No significant issues arose from the price evaluation.

Combined Quality / Social Value / Price Assessment

The table below shows the results of the overall assessment.

COMPANY	Berkeley
Quality	68.00
Social Value	12.00
Price	20.00
TOTAL	100.00
Rank	1

7.4.23 Overall, the tender response was strong in its approach to Masterplanning, community outputs, commitment to Green Infrastructure and new parks and the quality of its approach to public realm and is recommended for acceptance.

Stage 4 – Post Contract Award Stage

7.4.24 The Council will, after a period of clarifications, enter into a Development Agreement with St Joseph Homes Limited and Berkeley Homes Plc. This is the document that controls when, and how, the Project is delivered and triggers the requirement to enter into future Phase Development Agreements Phase Lease and Phase Site Assembly Agreements.

- The Development Agreement is a contractual arrangement and details the governance, reporting, controls, the sharing of risk and reward, the

payment of profit share and the granting of land interests to the Development Partner to enable delivery of the Project.

- The Phase Development Agreement is the proposed agreement for each phase (currently proposed as four) which sets out each of the conditions precedent and viability tests that must be met before commencement. They will confirm the content of residential units and commercial spaces intended in the phase and respective viability thresholds.
- A Phase Lease – is the document which grants a legal interest in the phase land from Council to Developer, subject to conditions being met in the Phase Development Agreement.
- Phase 1 Site Assembly Agreement (SAA) – permits the Council and the Developer to commence the first overall land assembly programme and enter the first anticipated CPO process. (Subsequent Site Assembly Agreements (SAA) for latter phases will be conditional on ongoing merit & viability tests).

7.4.25 Details of the financial implications and commercially confidential information are in Exempt Appendix 1.

Professional Services to Support the Ladywood Estate Regeneration Scheme

7.4.26 The procurement for any professional services above the procurement threshold to support the Ladywood Estate Regeneration Scheme includes but is not limited to:

- Stakeholder Engagement
- Land Referencing
- Professional advice to support Land Assembly and Compulsory Purchase
- Cost Management
- Financial Viability and Economic Assessment
- Legal Advice

7.4.27 The evaluation criteria will include a minimum weighting for social value of 20%.

7.5 Human Resource Implications

7.5.1 Officers from Place, Prosperity and Sustainability, City Housing, Children and Families and Council Management will need to commit time throughout the project.

7.5.2 This will include a resource commitment from Place, Prosperity and Sustainability, City Housing, Children and Families and Council Management to review the provision of assets and services within the area boundary and align them with the masterplan

7.6 Public Sector Equality Duty

- 7.6.1 Equality Impact Assessment (EIA) number EQUA1135 is included at Appendix 11 and at this stage a full EIA is not required. This is due to the fact that there is not currently sufficient information on the individuals impacted upon or the full details on the scheme to undertake a full assessment. The EIA undertaken has identified that there will be some impacts due to the nature and scale of the proposals, but that these impacts will not necessary be greater for any particular protected characteristic group.
- 7.6.2 A further EIA will be required to understand the full impacts and it is recommended that one is undertaken as part of the project to assess the impact on the protected characteristics throughout the project's lifespan. This assessment should also consider the wider social, environmental, health and economic impacts.

8 Appendices:

- Appendix 1: Exempt Information
- Appendix 2: Ladywood Full Business Case (FBC)
- Appendix 3: Maximum extent of land to be assembled
- Appendix 4: Governance and decision-making arrangements
- Appendix 5: Project Resource Plan
- Appendix 6: Council Owned Land
- Appendix 7: Development Phasing
- Appendix 8: CPO – Justification
- Appendix 9: CPO - Human Rights Implications
- Appendix 10: Risk Register
- Appendix 11: Equality Impact Assessment
- Appendix 12: Environment and Sustainability Assessment

9 Background Documents

- Big City Plan – Ladywood Estate Cabinet Report 19th March 2019