

APPENDIX 2

OPTIONS APPRAISAL			
1. General Information			
Directorate	Economy	Portfolio/Committee	Housing and Homes
Project Title	Driving Housing Growth – Building New Homes on the Bromford Estate	Project Code	
Project Description	<p>The regeneration of the Bromford Housing estate represents the culmination of joint working between the City Council, the Environment Agency and the Homes and Communities Agency. The development of cleared sites on the estate has long been delayed because of the potential threat of flooding from the adjacent River Tame.</p> <p>The Environment Agency has developed a scheme to undertake flood defence work to the stretch of the River Tame adjacent to the Bromford estate which will remove the potential risk of flooding from the River. This will be funded by a combination of funding from the Environment agency and either from Homes and Communities Agency through the Public Asset Accelerator Programme or through the LEP.</p> <p>The flood defence work proposed for the River Tame will allow cleared land on the Bromford estate to be brought forward for housing development and will provide land for approximately 225 new homes. In addition the flood defence work will also remove the risk of flooding for existing residents on the estate and this should be reflected in insurance premiums. It will also safeguard nearby businesses including Jaguar/Land Rover from the risk of flooding and safe guard the major rail line underneath the M6 from this risk as well</p>		
Links to Corporate and Service Outcomes	<p>This project will make a direct contribution to both Corporate and Directorate outcomes, including the following:</p> <ul style="list-style-type: none"> • Council Business Plan & Budget 2016+ • Housing Revenue Business Plan 2016+ • Homelessness Strategy 2012 • Birmingham Housing Growth Plan 		
Project Benefits Project Deliverables	<p>225 new homes will be provided on the Bromford estate, 168 will be new social rented homes and 57 will be homes for sale. The affordable housing will be built using fabric first approach to achieve standards equivalent to the former code for sustainable homes level 4. In addition the flood defence works will remove the risk of flooding from existing housing and businesses in the area and enable additional regeneration of the Bromford estate to take place without the risk of flooding constraining these proposals.</p> <p>Up to 23 training / apprenticeships opportunities will be provided as part of these proposals based upon the assumption of one apprenticeship per £1m of housing build contract value</p> <p>Using Secure by Design principles within the construction of the new homes and sound urban design methodologies to provide safe and well-designed homes and places.</p> <p>These proposals will lever in investment of approximately £18m from the Environment Agency / Homes and Communities Agency / Greater Birmingham Local Enterprise Partnership which will deliver flood defences to adjacent River Tame and remove the flood risk for the Bromford estate and nearby businesses.</p>		

	Improvements to new public open space together sustainable drainage schemes for the new housing development.		
Key Project Milestones		Planned Delivery Dates	
Options Appraisal – Cabinet Approval		Oct 2016	
EA Options Appraisal approval		Oct 2016	
Planning approval for first housing scheme		July 2017	
Tender documents and DPP2 process for first phase – tender returns		May /June 17 Aug 2017	
Cabinet Report – Full Business Case		Nov 2017	
Award of contract for housing developer/start date		Nov 2017	
Commencement of Flood Defence Work		Mar 2019	
Completion of Flood Defence work		June 2020	
Start the build on site for the first phase of the new build programme		March 2018	
The planned completion of the overall scheme outlined in this PDD		March 2024	
Dependencies on other projects or activities	<i>Key dependencies include;</i> <ul style="list-style-type: none">• Removal of Japanese knotweed from all land affected by the flood defence works or redevelopment• EA approval of flood defence proposals• Completion of all legal agreements/building contract• Appointment of contractors/Developer partners• Planning permission for part of the development• Identification of impacts on existing public open spaces		
Project Manager	Andrew Hood, Senior Service Manager, Investment & Development Tel: 303 7879		
Budget Holder	As above		
Sponsor	Waheed Nazir (Strategic Director of Economy) Waheed.nazir@birmingham.gov.uk		
Project Accountant	Nick Ward (Finance Manager, City Finance) Tel: 464 4282, Nick.ward@birmingham.gov.uk		
Project Board Members	Waheed Nazir, (As above) John Jamieson (Head of asset Management and Maintenance, Tel:303 9420 John.jamieson@birmingham.gov.uk Clive Skidmore (Head of Investment & Development), Tel: 303 3341 clive.skidmore@birmingham.gov.uk Tracy Radford (Head of Housing Management), Tel 303 5683 Guy Olivand (Head of City Finance – Housing), Tel: 303 4752 Guy.olivand@birmingham.gov.uk		
Head of City Finance (HoCF)	Guy Olivand	Date of HoCF approval	
Option 1	Appointing a Housing Developer through the DPP2 framework to build both affordable and sale properties through BMHT process		
Information Considered	Understanding the demand for new developments, in this instance, new build on a phase by phase basis where land is still being cleared The continued use of BMHT delivery, with more use of standard design/quality information for the appointed housing developer		
Pros and Cons of Option	Advantages of using this approach is; provision of affordable rented housing This project will support the HRA Business Plan and the BMHT Delivery Plan 2015-20		

	<p>BCC will be in control of the pace of the development and quality of the design and build programme</p> <p>BCC will be receive capital receipts from the outright sale properties</p> <p>There is a proven track record through the BMHT programme. The BMHT have won many awards including Royal Town Planning Institute Award for Planning excellence 2013, UK Housing Award for Outstanding Achievement in Regeneration in 2011 and Regeneration and Renewal in 2011 for Best use of Housing.</p> <p>Value for money will be gained through using the DPP2 framework.</p> <p>Disadvantages</p> <p>Initial investment will be required from Birmingham City Council before any receipts will come in</p>
People Consulted	Cabinet Member Majid Mahmood, the other Ward Councillors and the District lead have been consulted . Local Residents and Stakeholders have been informed that regeneration proposals are being developed but neither the housing or flood defence proposals are ready for full public consultation
Recommendation	Proceed with this option
Principal Reason for Decision	<p>Appointing one Housing Developer with the use of BMHT standards ensures the high standard of new development required and provides for a more consistent approach for the phase by phase building programme.</p> <p>This approach supports the 10 year Development Plan 2012 and the BMHT Delivery Plan 2015-2020</p>

Option 2	Land Disposal: This option would involve the council selling the land on the open market for development of housing – on a phase by phase basis
Information Considered	<p>Consideration of land values being achieved for disposal of land</p> <p>The appetite for bringing forward new developments by the private sector</p> <p>Assessment of the land held by the council and their suitability for development</p>
Pros and Cons of Option	<p>Advantages</p> <p>A receipt would be gained to be used for other parts of the regeneration programme</p> <p>Disadvantages</p> <p>No new council properties to contribute to objectives of HRA Business Plan 2016+</p> <p>There is less control of what other housing providers will deliver</p> <p>The market place for complex sites is still high risk for developers and developers are “cherry picking” the best sites</p> <p>Rehousing and demolition is not complete which would require selling the land in phases, this would adversely affect the quality and design of the new build programme as it is unlikely that the same housing developer will win the bid each time a plot of land is advertised for sale</p> <p>Experience has also shown that developers often do not develop sites which they purchase in a timely manner, or are diverted by better opportunities elsewhere and a second tendering process needs to be undertaken. Some of the land at Bromford is unlikely to be attractive for large developers for housing development</p>
People Consulted	Cabinet Member Majid Mahmood, the other Ward Councillors and the District lead have been consulted . Local Residents and Stakeholders have been informed that regeneration proposals are being developed but neither the housing or flood defence proposals are ready for full public consultation
Recommendation	Abandon
Principal Reason for Decision	New Council properties will not be made available from the project to support the HRA. Selling the land to on the open market means that BCC have less control over the new build programme, in terms of timing, quantity or quality.

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Option 3	<i>Disposal of land to a Registered Social Landlord</i>
Information Considered	<i>The appetite for Registered Social Landlords to develop Consideration for land values being achieved Previous sales to Registered Social Landlords Phasing of demolition</i>
Pros and Cons of Option	<p>Advantages <i>The delivery of affordable housing BCC to have nomination rights to the new properties</i></p> <p>Disadvantages <i>A Registered Social Landlord would require discounted or free land for development of housing resulting in low level or no receipt to BCC for other aspects of the regeneration programme Less control over build quality, number of homes and the timing of the development No new council properties to contribute to objectives of HRA Business Plan 2016+ May prove difficult to get RSL commitment with reduction in grant from HCA, RSLs are less likely to take on the risk inherent in the pursuit of large redevelopment opportunities</i></p>
People Consulted	<i>Cabinet Member Majid Mahmood, the other Ward Councillors and the District lead have been consulted . Local Residents and Stakeholders have been informed that regeneration proposals are being developed but neither the housing or flood defence proposals are ready for full public consultation</i>
Recommendation	<i>Abandon</i>
Principal Reason for Decision	<i>Due to the reduction in grant from the Homes and Communities Agency there will be limited or no receipt for BCC, in order to make the scheme work</i>

3. Summary of Options Appraisal – Price/Quality Matrix							
Criteria	Options			Weigh ting	Weighted Score		
	1	2	3		1	2	3
1. Capital Investment/Capital Receipt	1	5	3	25	25	125	75
2. Net revenue cost/surplus over 30 years	5	1	1	20	100	20	20
3. New High Quality Housing – including affordable housing	5	2	3	30	150	60	90
4. Supports HRA Business Plan	5	1	1	25	125	25	25
Total				100%	400	230	210

Criteria are scored 1-5: 1 being the lowest and 5 being the highest

4. Option Recommended	Which option, from those listed in the Options Appraisal Records above, is recommended and the key reasons for this decision.
	<p>Option 1 is the recommended option be developed to Full Business Case</p> <p>This option delivers high quality new homes in a reasonable timescale and supports the HRA Business Plan</p>

Key Inputs			
Construction		Running Costs, etc.	
Contrib'n to Environment Agency costs	£2.58m	Weekly rent	£89-£130
HCA/LEP Grant	£(2.58)m	Rent loss - voids / arrears	3.0%
Total Build Costs (including fees and pre contract costs, but excluding POS and Infrastructure)	£23.51m	Annual rent increase	-1.0% until 2019/20 then 3.0% ongoing
		Management Costs	£702
RTB Activity	None	Repairs Costs	£893
Key Outputs		Capital Works (5-yearly)	£4,476
(Surplus) / Deficit after 30 years	£(17.24)m	Annual Cost Increase	2.5% (CPI 2.0%)

HRA Extract	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	
	£m	£m	£m	£m	£m	£m	£m
Rental Income	0.00	0.00	0.00	(0.19)	(0.49)	(0.62)	(35.34)
Voids and Arrears	0.00	0.00	0.00	0.01	0.01	0.02	1.06
Repairs and Maintenance	0.00	0.00	0.00	0.03	0.09	0.11	6.08
Flood Defence Feasibility	0.15	0.00	0.00	0.00	0.00	0.00	0.15
Local Growth Fund Grant	(0.15)	0.00	0.00	0.00	0.00	0.00	(0.15)
Management Costs	0.00	0.00	0.00	0.03	0.07	0.09	4.78
Cash-backed Depreciation	0.00	0.00	0.00	0.07	0.11	0.11	6.18
HRA Deficit / (Surplus) Contribution	0.00	0.00	0.00	(0.05)	(0.21)	(0.29)	(17.24)
Revenue Contributions from wider HRA (to fund capital investment, shown overleaf)	0.35	1.48	4.41	5.14	2.97	8.36	22.71
Net HRA Impact	0.35	1.48	4.41	5.09	2.76	8.07	5.47

Capital Account	2016/17	2017/18	2018/19	2019/20	2020/21	Later Years	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4		
	£m	£m	£m	£m	£m		
Pre Contract Costs (including site assembly)	0.35	0.98	0.00	0.00	0.00	0.00	1.33
Build Costs (including Fees)	0.00	0.00	4.31	5.14	2.97	9.76	22.18
Flood Defence Costs	0.00	0.00	0.58	1.00	0.00	1.00	2.58
POS Costs	0.00	0.50	0.10	0.00	0.00	1.20	1.80
Total Development Costs	0.35	1.48	4.99	6.14	2.97	11.96	27.89
Capital Investment / Renewals ¹	0.00	0.00	0.00	0.00	0.00	0.29	6.18
Revenue Contributions from wider HRA	(0.35)	(1.48)	(4.41)	(5.14)	(2.97)	(8.36)	(22.71)
Receipts	0.00	0.00	0.00	0.00	0.00	(2.60)	(2.60)
Grant	0.00	0.00	(0.58)	(1.00)	0.00	(1.00)	(2.58)
Cyclical Maintenance Reserve Release	0.00	0.00	0.00	0.00	0.00	(0.29)	(6.18)
Capital Account (Surplus) / Deficit	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Balance Sheet Extract	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2046/47
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 30
	£m	£m	£m	£m	£m	£m	£m
Land & Buildings	0.00	0.00	0.00	10.55	16.82	17.24	46.25
Cyclical Investment Reserve	0.00	0.00	0.00	0.07	0.18	0.29	1.49
Capital Reserve	0.00	0.00	0.00	(10.62)	(17.00)	(17.53)	(47.74)
Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Properties	2016/17	2017/18	2018/19	2019/20	2020/21	Later Years	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4		
Social Rent Properties	0	0	0	69	41	58	168
Sale Properties	0	0	0	0	0	57	57
Total Properties	0	0	0	69	41	115	225

Note:

1. Formal approval to the ongoing capital investment / renewals programme (at a total value of £6.18 million over the coming 30 years) will be sought in due course as a part of the overall HRA capital programme as details of elemental investment needs emerge over time.

6. Project Development Requirements/Information	
Products required to produce Full Business Case	<i>The Full Business Case will include:</i> <ul style="list-style-type: none"> • <i>Financial plan</i> • <i>Tender details for appointment of Housing Developer for the first phase of development</i> • <i>Phasing programme for new build properties</i>
Estimated time to complete project development	<i>The Full Business Case will be ready by October 2017 for Cabinet Approval</i>
Estimated cost to complete project development	Existing internal resources will be used to develop the Full Business Case with additional costs (£0.66m), including design and project management to provide detailed design and cost information for initial project.
Funding of development costs	HRA revenue contributions as set out in section 5

Planned FBC Date	<i>October 2017</i>	Planned Date for Technical Completion	<i>2024</i>
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Equality Analysis

Birmingham City Council Analysis Report

EA Name

Directorate Economy

Service Area P&R Planning and Development

Type New/Proposed Function

EA Summary

Reference Number

Task Group Manager

Task Group Member

Senior Officer andrew.hood@birmingham.gov.uk

Quality Control Officer steve.dallaway@birmingham.gov.uk

Introduction

The report records the information that has been submitted for this equality analysis in the following format.

Overall Purpose

This section identifies the purpose of the Policy and which types of individual it affects. It also identifies which equality strands are affected by either a positive or negative differential impact.

Relevant Protected Characteristics

For each of the identified relevant protected characteristics there are three sections which will have been completed.

Impact

Consultation

Additional Work

If the assessment has raised any issues to be addressed there will also be an action planning section.

The following pages record the answers to the assessment questions with optional comments included by the assessor to clarify or explain any of the answers given or relevant issues.

1 Activity Type

The activity has been identified as a New/Proposed Function.

2 Overall Purpose

2.1 What the Activity is for

What is the purpose of this Function and expected outcomes?

The purpose of this function is to appoint a housing developer for the Bromford estate in line with the City's procurement process. Once appointed, the developer will support the design and build of up to 225 new homes for Birmingham.

For each strategy, please decide whether it is going to be significantly aided by the Function.

Public Service Excellence Yes

Fairness Yes

Prosperity Yes

Democracy Yes

2.2 Individuals affected by the policy

Will the policy have an impact on service users/stakeholders? Yes

Comment

The Council will ensure that the process to appoint a housing developer is in compliance with standing orders and financial regulations

Will the policy have an impact on employees? No

Will the policy have an impact on wider community? Yes

Comment

Once appointed the developer will be designing and building new housing within the Bromford Estate. Please note the

appointment of the developer will be subject to another Cabinet Report.

2.3 Analysis on Initial Assessment

This initial assessment reveals that there is no requirement for a full equality assessment as the purpose is the procurement of a housing developer. The process used will be commissioned through Corporate Procurement Services and will be done in line with established standing orders and financial regulations process and procedures.

These processes and procedures are equality compliant and provide the opportunity for members of the protected characteristics to apply for the housing developer opportunity through the DPP2 process

3 Concluding Statement on Full Assessment

This initial assessment reveals that there is no requirement for a full equality assessment as the purpose is the procurement of a housing developer. The process used will be commissioned through Corporate Procurement Services and will be done in line with established standing orders and financial regulations process and procedures.

These processes and procedures are equality compliant and provide the opportunity for members of the protected characteristics to apply for the housing developer opportunity through the DPP2 process

4 Review Date

5 Action Plan

There are no relevant issues, so no action plans are currently required.

