

Public Report

Birmingham City Council

Report to Cabinet

12 February 2019



Subject: **BIG CITY PLAN – LADYWOOD**
Report of: **DIRECTOR INCLUSIVE GROWTH**
Relevant Cabinet Member: **Councillor Ian Ward – Leader, Councillor Sharon Thompson – Homes and Neighbourhoods, Councillor Brett O’Reilly – Finance and Resources**
Relevant O &S Chair(s): **Councillor Sir Albert Bore – Resources; Councillor Penny Holbrook – Housing and Neighbourhoods; Councillor Tahir Ali – Economy and Skills**
Report author: Clive Skidmore, Assistant Director Housing Development
Telephone No: 0121 303 1667
Email Address: clive.skidmore@birmingham.gov.uk

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: 005475/2018		
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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		

1 Executive Summary

1.1 The Ladywood Estate, as shown on the plan in Appendix 1, has been identified as an area for housing led regeneration that will address both social and environmental issues and deliver significant benefits for the local community and wider Birmingham economy. This report seeks authority to commence a process to find partner(s) with the expertise and track record in large scale housing led regeneration to work closely with the city council and the local community, and deliver a placemaking driven approach to the regeneration of the Ladywood

Estate. The regeneration of the Ladywood Estate will be brought forward as two distinct areas; Ladywood Broad Street and Ladywood Central. This approach responds to the different housing opportunities and contexts in which the regeneration will come forward. The partner(s) for the redevelopment of the two areas will be procured separately but with the processes run in parallel.

- 1.2 An OJEU compliant procurement process is proposed with approval being sought to commence the process in line with the Procurement Strategy, attached as Appendix 4 and the Descriptive Documents, attached as Appendix 3.
- 1.3 The option to form a contractual joint venture with partner(s) following a competitive dialogue process is proposed as it offers the opportunity to secure optimum solution for the regeneration and balance risk to the City Council.

2 Recommendations

- 2.1 Approves the Project Initiation Document for a regeneration programme of the Ladywood Estate as set out in Appendix 2 of this report;
- 2.2 Approves the Ladywood Central Descriptive Document and the Ladywood Broad Street Descriptive Document as set out in Appendix 3 of this report;
- 2.3 Approves the Procurement Strategy set out at Appendix 4 and authorises the Director Inclusive Growth to commence a procurement process to identify partner(s) to work with the Council to carry out the regeneration of the Ladywood Estate .;
- 2.4 To approve the procurement of professional services as required during the project to assist in the development of a delivery strategy and full business case and support the procurement process in accordance with the Procurement Governance Arrangements. The appointment of any external legal services to be subject to the approval of the City Solicitor;
- 2.5 Approves the commencement of preparatory legal work such as title checks, to facilitate the acquisition of third party interests;
- 2.6 Notes that an Outline Delivery Options Appraisal and Full Business Case including the award of contracts will be presented to Cabinet in due course.
- 2.7 Authorises the Director Inclusive Growth and Chief Finance Officer to apply for and accept any external funding associated with the Ladywood scheme to help support the delivery of this programme.
- 2.8 Authorises the City Solicitor to negotiate, execute and complete all necessary documentation to give effect to the above recommendations including the execution and completion of all appropriate way leaves and easements and highway agreements required for the development..
- 2.9 Approves the establishment of a "strategic review panel" consisting the Leader, Deputy Leader, Cabinet Member for Homes and Neighbourhoods and the Ladywood Ward Members to receive presentation by shortlisted bidders at both the draft and final submission stage.

3 Background

- 3.1 The Ladywood Estate is a predominately 1960's residential neighbourhood located in the City Centre and a short walk from the major commercial and business tourist areas of Westside and the City Centre Core. The area is also adjacent to the Great Icknield housing growth area and the historic Jewellery Quarter. Appendix 1 shows the extent of the Estate and its location. This plan shows the widest scope of the regeneration area and the boundaries of the two separate development areas; Ladywood Broad Street being the smaller of the blocks fronting onto Broad Street and Ladywood Central being the larger. The precise boundaries of the intervention area and the properties affected will be defined in a subsequent Full Business Case following the selection of the development partner(s). The boundaries have been drawn on the basis of common factors within the housing market, the different environments in which development will come forward, the need to achieve pace of delivery, and the need to achieve a comprehensive redevelopment.
- 3.2 The importance of bringing forward housing regeneration and the renewal of existing housing areas is established in the Birmingham Development Plan (BDP). Such initiatives will contribute toward delivering the ambitious growth plan and securing sustainable neighbourhoods that are safe, diverse and inclusive. The BDP recognises the importance of taking a proactive approach to such regeneration initiatives between the City Council, delivery partners and local residents.
- 3.3 The Big City Plan (2011) (BCP) identifies Ladywood as an area that can be rejuvenated to become home of new family living with well-balanced infrastructure, including private and communal open spaces, improved network of local walking routes and community facilities. The opportunity to create higher density development and significantly enhance the overall environmental quality is recognised.
- 3.4 The approach advocated through the BCP and BDP responds to the significant social and environmental challenges facing the area and its residents. The Estate is predominately residential with approximately 1000 units, two-thirds of which are in city council ownership. The City Council owned housing stock within the area has received no investment since the early 1990's. Public open space is poorly located and not suitable for community use, and across the Estate incidence of crime and anti-social behaviour and fear of crime are well above the city average. Residents have poor access to facilities and the performance against key social and health indicators are below national average. Nevertheless, there is a strong community spirit in the area, and a key objective of the regeneration will be to

ensure that the existing community is fully engaged in the regeneration of the area.

- 3.5 Through a housing led regeneration initiative there is the opportunity to address both social and environmental issues and deliver significant benefits for the local community and the wider Birmingham economy. The regeneration initiative would seek to deliver against an overarching series of objectives. These have been established to guide the procurement process and any future regeneration proposals, and are set out in the Descriptive Documents attached as Appendix 3. Two separate Descriptive Documents, one for each area, have been produced to reflect the separate procurement exercises and need for bespoke responses to each of the areas.
- 3.6 In order to deliver on the strategic policies and secure a comprehensive approach to the area's regeneration the City Council will need to engage partner(s) with sufficient experience, financial standing and vision. The attached procurement strategy sets out the options for taking this forward with the recommended approach to procure partner(s) through competitive process. The purpose of the partnership(s) will be to create vehicles through which the Council and the local community can create an aspirational neighbourhood. The approach is similar to that which has been taken to the procurement of both Peddimore and Birmingham Smithfield, with the added benefit of the experience that has been gained from those projects. The opportunity area has been divided into two sub areas, reflecting the fact that these distinct areas within Ladywood, each have their own characteristics and require a bespoke solution to their regeneration. It is envisaged that more than one partner could be engaged to work with the Council on these areas.. Two separate procurement exercises will be undertaken; one for each area. This reflects the differing objectives and the need to ensure that the partner(s) proposals fully respond to the characteristics of each opportunity. A Descriptive Document for each area has been produced with each reflecting the different nature of the opportunities and the scale of the potential changes envisaged. These documents will guide the procurement exercises and the scoring of the submissions.
- 3.7 The "strategic review panel" consisting the Leader, Deputy Leader, Cabinet Member for Homes and Neighbourhoods and the Ladywood Ward Members will be established and receive presentation by shortlisted bidders at both the draft and final submission stages. The panel will provide informal feedback to the bidders as part of the competitive dialogue. The formal evaluation will be undertaken by the Evaluation Team consisting of three senior officers from the Inclusive Growth Directorate.
- 3.8 The proposed vehicle for the regeneration process is through a partnership with private sector partners. This approach aims to balance risk and reward between the public and private sector, and also to ensure that the main burden of scheme development lies with the private sector partners. Given the diverse opportunities offered by the regeneration programme, it is likely that more than one partner will

be required to ensure the best “fit” in terms of the expertise of the partner and the form of development.

4 Options considered and Recommended Proposal

4.1 Four options were considered;

- Option 1 – do nothing. It is nearly 30 years since any major investment in the area has occurred and the social and environmental issues facing the area and its residents will not be addressed without a comprehensive regeneration led approach. This option has been discounted on the basis that in the absence of a comprehensive approach to the area’s regeneration the social and environmental issues will not be addressed and the opportunities will not be maximised.
- Option 2 – clear the site and sell it on the open market. The Council would have no influence over the timing or quality of development and the nature of land ownerships and infrastructure would undermine the ability to deliver a comprehensive approach to the area’s regeneration, and would result in a negative impact on the local community. This option has been discounted.
- Option 3 – direct delivery by the Council through the BMHT and InReach programmes. This option would give the Council control over the timing and delivery of the scheme, however it is unlikely that the Council could deploy the level of financial and staff resources required to deliver a regeneration programme on the scale required to transform the area, address the issue and realise the full benefits for residents. This option has been discounted
- Option 4 – Joint venture arrangement. This approach would secure appropriately experienced partner(s) with the resources to manage and deliver the regeneration initiative while ensuring the city council maintains a degree of control to secure the objectives. This option would also enable a significant degree of community engagement and ensure that the existing community was integrated into the regeneration process. This option would align the aspirations and provide an appropriate balance of risk and reward. The exact structure of the joint venture will be established during the procurement process. This is the recommended option.

5. Consultation

5.1 The Ward Members for Ladywood have been consulted on the overall proposals for the regeneration of Ladywood and support this report going forward for an executive decision.

- Officers in Legal Services, Finance, Inclusive Growth, Procurement, Transportation and Connectivity and Neighbourhoods Directorate have been involved in the preparation of this report. The Director Neighbourhoods has been consulted and supports the recommendations.

- Local residents representatives have been consulted through a forum established by local ward members. The residents forum have met at 2 separate consultation events which discussed the current issues affecting the area and how estate regeneration could deal with these.
- Further consultation events are planned to ensure that the local community are fully involved within the proposals to regenerate Ladywood. The first of these meetings is planned for the 19 February when senior officers from the Inclusive Growth Directorate will be present and will discuss with local residents the regeneration proposals.

6 Risk Management

6.1 A risk register is attached at Appendix 6.

7 Compliance Issues:

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

7.1.1 The development of new homes for a growing city is a key objective of the Council. The development of new affordable housing within the City is in accordance with the objectives of the Council Plan and Budget 2018+. The proposals also contribute to the delivery of the Council's core vision and priorities in the Council's Vision and Forward Plan 2017+ of:

7.1.2 **Birmingham is a great city to live in:** This scheme will provide a significant quantum of new homes and create a new aspirational neighbourhood.

7.1.3 **Birmingham is an entrepreneurial city to learn and work and invest:** activity within the construction sector will create jobs and apprenticeships in the city. Activity in the supply chain industries, will support the local economy through the Birmingham Business Charter for Social Responsibility.

7.1.4 **Birmingham is an aspirational city to grow up in:** new homes will be developed which will provide a safe, warm, sustainable and connected neighbourhood in which our children can thrive.

7.1.5 **Birmingham is a fulfilling city to age well in:** the links between health and housing are well recognized. New thermally efficient, economical to run new homes which are designed to high standards of quality and internal space standards will be more affordable for residents and will offer a higher quality of life leading to better health outcomes.

7.1.6 **Birmingham Business Charter for Social Responsibility (BBC4SR)** Compliance with the BBC4SR is a mandatory requirement that will form part

of the conditions of these contracts. Tenderers will be required to submit an action plan with their tender that will be evaluated in accordance with the procurement strategy set out in Appendix 4 and the action plan of the successful tenderers will be implemented and monitored during the contract period.

7.1.7 The proposals also align to the statutory policies in the Birmingham Development Plan and the vision for the city centre as set out in the Big City Plan.

7.2 Legal Implications

7.2.1 The Council has powers to hold and to dispose of land under Section 32 of the Housing Act 1984 and Section 123 of the Local Government Act 1972.

7.3 Financial Implications

7.3.1 There is a revenue requirement of £400,000 to fund the costs of professional services, including legal, procurement, development costings and design advice. This will be 50/50 funded from the Housing Revenue Account and the New Growth Points Fund. There are no other financial implications arising directly from this report. The full financial implications of the scheme will be set out in a future Outline [Options Appraisal] Business Case and Full Business Case which will be presented to Cabinet in due course

7.4 Procurement Implications (if required)

7.4.1 The procurement exercises will be advertised in the Official Journal of the European Union (OJEU), Contracts Finder and www.finditinbirmingham.com to identify a shortlist of partners which would be reduced through the Competitive Dialogue procedure. This process would follow the model successfully undertaken for the Birmingham Smithfield scheme.

STAGE 1 Selection (Shortlisting): Shortlist bidders to invite to participate in competitive dialogue stage.

STAGE 2 Competitive Dialogue: Dialogue between Council and shortlisted bidders to assist in the development of bidder's solution.

STAGE 3 Final Tender Submission & Evaluation: Evaluation of final tenders.

STAGE 4 Preferred Bidder Stage: Development of detailed masterplan. Development of a full business case and Contractual Partnership (Master Development Agreement).

7.4.2 The quality of the potential partner(s) proposals and their "offer" in terms of social value will be significant considerations in assessing their proposals.

In addition, the Council will welcome a financial proposition which takes the form of an ongoing revenue stream rather than a capital receipt.

7.4.3 The procurement strategy is set out at Appendix 4. The Descriptive Documents are included at Appendix 3, setting out the Council's aspirations for the regeneration of each area, and will be used as the basis for the evaluation of bids and the selection of partners.

7.5 Human Resources Implications (if required)

7.5.1 The city council will need to commit the time of officers from Planning, Development, Transport & Connectivity, Housing Development, Procurement, Legal and Finance through the procurement and selection process.

7.6 Public Sector Equality Duty

7.6.1 A copy of the Equality Act 2010 – Public Sector Duty statement is included at the end of this report.

7.6.2 The initial Equalities Assessment reveals that there is no requirement for a Level 2 equality assessment because although the regeneration of Ladywood will impact on the community that live there, there is no differential impact as there are existing policies in place within the function areas. A Level 1 equality assessment is appended at Appendix 5.

8 Background Documents

8.1 Relevant Officer's file(s) on the matter, save for confidential documents.

8.2 List of Appendices accompanying this Report (if any):

- 1. Site plan
- 2. Project Initiation Document
- 3. Descriptive Document – Ladywood Broad Street & Descriptive Document Ladywood Central
- 4. Procurement Strategy
- 5. Equality Impact Assessment
- 6. Risk Register

PROTOCOL PUBLIC SECTOR EQUALITY DUTY

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in section 4.4 of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
 - (a) whether there is adverse impact upon persons within the protected categories
 - (b) what is the nature of this adverse impact
 - (c) whether the adverse impact can be avoided and at what cost – and if not –
 - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
 - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
 - the full equality impact assessment (as an appendix)
 - the equality duty (as an appendix).

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

- 1 The Council must, in the exercise of its functions, have due regard to the need to:
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 4 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - (a) tackle prejudice, and
 - (b) promote understanding.
- 5 The relevant protected characteristics are:
 - (a) marriage & civil partnership
 - (b) Age
 - (c) Disability
 - (d) gender reassignment
 - (e) pregnancy and maternity
 - (f) Race
 - (g) religion or belief

- (h) Sex
- (i) sexual orientation