

# Birmingham City Council

## Report to Cabinet

22<sup>nd</sup> March 2022



**Subject:** Building Birmingham – Kings Norton Extension Primrose 2

**Report of:** Paul Kitson, Strategic Director of Place, Prosperity and Sustainability

**Relevant Cabinet Member:** Councillor Ian Ward, Leader  
Councillor Shabrana Hussain, Cabinet Member for Homes and Neighbourhoods  
Councillor Tristan Chatfield, Cabinet Member for Finance and Resources

**Relevant O &S Chair(s):** Councillor Carl Rice, Co-ordinating O&S Committee  
Councillor Mohammed Aikhlaq, Resources

**Report author:** Sarah Edmead, Principal Housing Development Officer, 07548713684 Email Address: [Sarah.edmead@birmingham.gov.uk](mailto:Sarah.edmead@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): Kings Norton		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 009563/2022		
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

### 1 Executive Summary

- 1.1 The report seeks to obtain approval for the Full Business Case (FBC Scheme), for the construction of 82 units comprising of 58 new homes for social rented housing and 24 for sale in Kings Norton.
- 1.2 The report seeks approval for the procurement strategy and commencement of the procurement activity for the development of housing for the Scheme. Cabinet

was advised of the forthcoming procurement activity in the Planned Procurement Activity report dated 21 July 20 and this report supersedes that decision as detailed in paragraph 7.4.1.

## **2 Recommendations**

- 2.1 Approves the FBC attached to this report as Appendix A for the Scheme, and delegates any changes to the FBC for the Scheme financial expenditure of up to 10% to the Strategic Director of Place, Prosperity and Sustainability.
- 2.2 Approves the procurement strategy and commencement of the procurement activity for the housing development and associated works for the Scheme using the Homes England Delivery Partner Dynamic Procurement System Agreement.
- 2.3 Delegates the approval of the contract award for the Scheme to the Strategic Director of Place, Prosperity and Sustainability in conjunction with the Interim Assistant Director of Procurement (or their delegate), the Director of Council Management (or their delegate) and the Acting City Solicitor & Monitoring Officer (or their delegate) subject to the costs being within the FBC approval in accordance with paragraph 2.1.
- 2.4 Authorises the Director of Planning, Transport & Sustainability and Strategic Director of Place, Prosperity and Sustainability to seek consent from the Secretary of State under Section 174 of Localism Act 2011, to exclude the new council properties developed through the Scheme from the Right to Buy pooling requirements, and to ensure that any capital receipts generated from any future sale of homes under the Right to Buy are retained by the Council for reinvestment in future housing delivery.
- 2.5 Authorises the Assistant Director of Transport and Connectivity to grant technical approval of the Scheme highways proposals and progress the preferred option to detailed design, which will be the responsibility of the appointed Contractor.
- 2.6 Authorises the Director of Planning, Transport & Sustainability and Strategic Director of Place, Prosperity and Sustainability to submit and process all necessary highway closures and notices required to facilitate the Scheme highlighted in the FBC and to enter into any appropriate agreements for the creation, improvement and alterations to highway access to the sites.
- 2.7 Delegates to the Director of Planning, Transport & Sustainability and Strategic Director of Place, Prosperity and Sustainability the power to amend or vary the development boundaries by up to 10% for the Scheme.
- 2.8 Delegates authority to the Director of Planning, Transport & Sustainability and Strategic Director of Place, Prosperity and Sustainability, to submit funding applications to Homes England (HE), West Midlands Combined Authority (WMCA), the Ministry of Housing, Communities and Local Government (MHCLG), any other funding agency to facilitate the Scheme development where required.

- 2.9 Authorises the Acting City Solicitor & Monitoring Officer (or their delegate) to take all steps necessary for the preparation of any documents, to negotiate, execute and complete all the required documentation to give effect to the above recommendations.

### **3 Background**

- 3.1 Cabinet approval was gained in 2015 for the first phases of the development in Kings Norton. See appendix B, which shows the areas developed and proposed new areas. Birmingham City Council (BCC) has built 259 homes across phases 1a and 1b. There are ten social rented housing properties due for handover in March 2022. In addition, the Contractor, Tilia Homes has 21 private sale units left to build, which will complete phase 1b of the development. These are forecasted to be completed in June 2022.
- 3.2 The development provided a mixture of new homes with 50% social housing for social rent and 50% for private sale. Part of the redevelopment included a retail store, Aldi supermarket was successful in bidding for the retail space and is now operating in the area. Phase 1b also includes the provision of a new high-quality park which includes new play equipment, planting and gym equipment. The park is currently in its design stages and installation will commence in the Autumn of 2022 with completion in Summer 2023.
- 3.3 The commuted sum from phase 1b to develop the public open space also includes the cost of maintaining the new play equipment, planting and gym equipment for the next 15 years.
- 3.4 The site was appropriated into the Housing Revenue Account (HRA) for housing development purposes in an appropriations report to Cabinet in March 2018.
- 3.5 The Scheme was identified in the Birmingham Municipal Housing Trust (BMHT) Delivery Plan 2019-2029 report to Cabinet on 14 May 2019. The Outline Business Case contained Schemes for future developments. The Kings Norton extension Primrose 2 Scheme is a mixed tenure development and will provide 58 new homes for council housing with social rent, associated infrastructure, and landscaping and 24 homes for sale. The homes for sale, will be forward funded by the Contractor and they will take the risks associated with the sales development. The Council will receive a guaranteed minimum plot value which will be realised upon the sale of the home. The developer will receive the construction cost, marketing, and profit element of the sale. All associated marketing of the properties will also be undertaken by the Contractor.
- 3.6 The information from Audit and Policy within the Council, shows a demand for 1 and 2 bedroom properties within the Kings Norton area. There is also a demand for 3 plus bedroom houses being built as part of this development.
- 3.7 Please see the Project Deliverables in appendix A for the proposed development of homes which will be built on site A 'Redditch Road' and Site B 'Foyle Road'.

## **4 Options considered and Recommended Proposal**

- 4.1 Option 1: To develop the Scheme as outlined in this report through Birmingham Municipal Housing Trust (BMHT) and with resources for the development being made available through the Housing Revenue Account (HRA) business plan. This is the recommended proposal.
- 4.2 To do nothing – this is not an option as the Scheme will contribute to the Council's target for new homes for the city and also the BMHT 10-year delivery plan.

## **5 Consultation**

- 5.1 Please see Appendix D, Consultation Plan.

## **6 Risk Management**

- 6.1 Please see Appendix E, Risk Register.

## **7 Compliance Issues:**

- 7.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**
  - 7.1.1 The Scheme is in accordance with the objectives of the housing revenue account (HRA) Business Plan 2021+.
  - 7.1.2 The Scheme on the proposed site supports the delivery of the core objectives of the Birmingham Development Plan (BDP) which was adopted by the Council on 10 January 2017 to increase housing growth.
  - 7.1.3 The Scheme is in line with the Council's Route to Zero Strategy approved by Cabinet in January 2021. The Strategy commits to reducing the city's carbon emissions and limit climate crisis.
  - 7.1.4 The Scheme will make a direct contribution and is consistent with the Council's Plan 2018 – 2022 (as updated in 2020) priorities and outcomes as outlined below:
    - 7.1.4.1 A Bold Prosperous Birmingham; the Council is committed to the development of enough high-quality new homes to meet the needs of a growing city, and the proposals within this report to accelerate housing growth in the City by providing new homes for rent and will help ease pressure on the housing register.
    - 7.1.4.2 A Bold Green Birmingham; the new homes will be built to a high standard of energy efficiency by using the latest technologies and use a range of measures to improve the environment and tackle

air pollution by using cleaner technologies such as Fabric First and building energy efficient homes.

7.1.4.3 A Bold Inclusive Birmingham; the new social housing will be available to any applicant on housing register.

7.1.4.4 A Bold Healthy Birmingham; the links between health and housing are well recognised. New thermally efficient, economical to run new homes which are designed to high standards of quality and internal space standards will provide social rented housing for residents and offer a higher quality of life, leading to better health outcomes.

7.1.4.5 A Bold Safe Birmingham; new homes will be developed which will provide a safe, warm, sustainable, and connected neighbourhood in which all communities can thrive.

7.1.5 Birmingham Business Charter for Social Responsibility (BBC4SR).

7.1.5.1 Compliance with the BBC4SR is a mandatory requirement that will form part of the conditions of this contract. The successful tenderer will submit an action plan which will be implemented and monitored during the contract period.

7.1.5.2 The social value outcomes to the benefit of the Kings Norton and the surrounding areas, that tenderers will be required to address will include:

**Local Employment**

7.1.5.3 Employment and employability opportunities for the target groups particularly young people.

7.1.5.4 To provide a donation of £500 for every property built to support the Building Birmingham Scholarship to assist young people into the professions within the construction industry.

7.1.5.5 A strong local employment offer with the focus on the hardest to reach groups particularly focused on the residents in Kings Norton and the surrounding area. Based on the value of the Scheme, a minimum of 11 full-time equivalent employment / apprenticeship opportunities is expected.

**Buy Local**

7.1.5.6 Spend to be, as practically as possible, with local, small and medium enterprises as well as social enterprises within a 30 miles radius of the Scheme.

- 7.1.5.7 In recognition of the Council's commitment to promote such firms who employ People with Disabilities, the tender will include a requirement for tenderers to seek a quotation from Shelforce to ensure they have the opportunity to price for this Scheme.

### **Partners in Communities**

- 7.1.5.8 Bidders and their supply chain will need to utilise their community reach and focus their outcomes on community cohesion with sensitivity to local demographics.
- 7.1.5.9 Working with schools to focus on increasing attainment and employment options for those students facing disadvantage.
- 7.1.5.10 A robust understanding and methodology for community engagement.

### **Good Employer**

- 7.1.5.11 Provide good employment practices to increase the staff employability and quality of employment.
- 7.1.5.12 Demonstration of the provision of in-depth training for their employees in equality, diversity and inclusion.
- 7.1.5.13 Good practices around areas including collective representation, zero-hour contracts, whistle blowing policies.
- 7.1.5.14 The payment of the Real Living Wage throughout the supply chain is a mandatory requirement in accordance with the Council's policy.

### **Green and Sustainable**

- 7.1.5.15 Plans for a carbon natural position and what activities they are undertaking to achieve that additional to the specification including details relating to transport, recycling, materials used and-offsetting.

### **Ethical Procurement**

- 7.1.5.16 The outcomes sought under this theme relate to the treatment of subcontractors in terms of payment and training.
- 7.1.5.17 Evidence will be required as to how the bidder is ensuring that the materials used are sourced ethically.

## 7.2 Legal Implications

- 7.2.1 As the Housing Authority, the relevant legal powers relating to the discharge of the Council's statutory function to provide its housing need are contained in Section 9 of the Housing Act 1985.
- 7.2.2 Section 17 of the Housing Act 1985 grants local authorities the relevant powers to enact Compulsory Purchase Order powers.
- 7.2.3 Section 1 of the Localism Act 2011 contains the Council's general power of competence; Section 111 of the Local Government Act contains the Council's subsidiary financial powers in relation to the discharge of its functions.
- 7.2.4 The City Council carries out transportation, highways and infrastructure work under the relevant primary legislation including the Town and Country Planning Act 1990, Highways Act 1980, Road Traffic Regulation Act 1984, Traffic Management Act 2004, Transport Act 2000, and other related regulations, instructions, directives, and general guidance, and the Highways Act 1980 contains the highway closures and diversions.
- 7.2.5 BMHT will enter into a memorandum of understanding with the Local Highway Authority to facilitate the improvement of existing areas of highway maintainable at public expense that will be affected by the development proposals.

## 7.3 Financial Implications

- 7.3.1 The total estimated cost of the proposed development is £10,99.m to be completed in 2025/26. The scheme will be funded from HRA revenue contributions and 1-4-1 Right to Buy receipts. The cost of development and income from sales are included in the HRA Business Plan 2022+.
- 7.3.2 The future running costs of the properties and areas of public realm retained will be met from ongoing rental income.
- 7.3.3 The financial viability of the Scheme proposal is based on the Government's social housing rent policy that rents will increase annually by the Consumer Price Index (CPI) + 1 % over a 5-year period from 2020/2021.
- 7.3.4 The new Council rented homes will be subject to the Right to Buy cost floor regulations, which mean that for the first 15 years following the completion of the new homes, any tenant purchasing their Council property through the Right to Buy will be obliged to pay the Council the full construction cost of the property, irrespective of any discount to which they may be entitled under the Right to Buy legislation.
- 7.3.5 The construction of the new Council homes should not be liable to VAT; however, VAT may be payable on other project costs. The letting of HRA homes is non-business; as are sales of such homes under Right to Buy.

The Council can reclaim VAT incurred on the development and management of HRA homes, including sales under Right to Buy. Therefore, VAT should not be a cost to the project. VAT implications are detailed in the Full Business Case in Appendix A

7.3.6 The cost to build Kings Norton Extension Primrose 2 is based on the current market conditions provided by the Employees Agent.

#### **7.4 Procurement Implications**

7.4.1 Cabinet was advised of the forthcoming procurement activity for the Scheme in the Planned Procurement Activity report (PPAR) dated 21 July 2020. Since this approval, the estimated costs for the scheme have increased significantly more than originally forecast. This is due to current market conditions with the impact of Brexit and COVID 19 on the construction market and its supply chain. Furthermore, there has been an increase to the pre-tender estimate due to the requirement for the inclusion of new energy saving technologies, which is in-line with the Council's Route to Zero strategy.

7.4.2 The proposed procurement route in the PPAR was a further competition exercise using the Homes England Delivery Partner Panel 3 – Midlands Lot framework agreement (or its replacement). This framework has now expired and replaced by the Homes England Delivery Partner Dynamic Purchasing System Agreement (DPS) – (West Midlands Lot). It is recommended that a Call for Competition exercise is carried out in accordance with the protocol of the DPS.

7.4.3 The DPS is specifically designed for the procurement of the development of housing with a suitable breadth of suppliers that is considered to deliver better value for money than an open tender or any other framework agreement. The evaluation criterion to be used is 40% quality, 20% social value and 40% price.

#### **7.5 Human Resources Implications (if required)**

7.5.1 The project will be staffed by the Housing Development team internally with support from the Council's Employers Agent, Arcadis LLP, for the Scheme.

#### **7.6 Public Sector Equality Duty**

7.6.1 There are currently around 19,069 active applicants on the Council's housing register. Many of these people live in overcrowded conditions across the housing sector. Evidence from allocating properties previously developed under the Birmingham Municipal Housing Trust (BMHT) banner has revealed the extent of this problem, many families being allocated from accommodation that was too small for their needs.

7.6.2 An initial Equality Assessment, Ref: EQUA785 is attached as Appendix F. A full Equality Assessment has not been undertaken as it is considered that the proposals of this report do not have any adverse impact on the



characteristics and groups protected under the Equality Act 2010.

## **8 Appendices**

- 8.1 Appendix A – Full Business Case.
- 8.2 Appendix B – Overall development plan/showing developed and news areas.
- 8.3 Appendix C1 and C2 – Site red line plan.
- 8.4 Appendix D – Consultation Plan.
- 8.5 Appendix E – Risk Register.
- 8.6 Appendix F – Equality Impact Assessment.

## **9 Background Documents**

- 9.1 Birmingham Municipal Housing Trust Delivery Plan for Development of Housing for the period 2019 – 2029, May 2019.

<b>FULL BUSINESS CASE (FBC)</b>			
<b>A. GENERAL INFORMATION</b>			
<b>A1. General</b>			
<b>Project Title</b> <i>(as per Voyager)</i>	<b>Kings Norton Extension Primrose 2</b>		
<b>Voyager code</b>	CA-02336-82		
<b>Portfolio /Committee</b>	Homes and Neighbourhoods	<b>Directorate</b>	Place, Prosperity and Sustainability
<b>Approved by Project Sponsor</b>	Paul Kitson	<b>Approved by Finance Business Partner</b>	Andrew Healey
<b>A2. Outline Business Case approval <i>(Date and approving body)</i></b>			
<p>The outline business case was included in the Birmingham Municipal Housing Trust (BMHT) Delivery Plan 2019-2029 report to Cabinet on 14 May 2019.</p>			
<b>A3. Project Description</b>			
<p>Cabinet approval was gained in 2015 for the first 2 phases of development in Kings Norton. Birmingham City Council (BCC) has built 259 homes across phases 1a and 1b. There are ten social rented housing properties due for handover in March 2022. In addition, the Contractor Tilia Homes has 21 private sale units left to build, which will complete phase 1b of the development in 2022</p> <p>The development provided a mixture of new homes with 50% social housing for council rent and 50% for private sale. Part of the redevelopment included a retail store, Aldi supermarket was successful and is now operating in the area. Phase 1b also includes the provision of a new high-quality park, including new play equipment, planting, and gym equipment. The park is currently in its design stages and will be starting the installation in Autumn 2022 with completion in Summer 2023.</p> <p>This Business Case will provide Phase 2 of the Kings Norton development and will include 82 new homes through the Birmingham Municipal Housing Trust (BMHT). In addition, this business case recommends finances for infrastructure rectifications caused by building transportation to phase 1b works.</p>			

The next phase includes two sites, Foyle Road & Redditch Road and will provide a mix of social rented housing consisting of 2, 3, 4,5-bed houses, 1 & 2 bedroom flats and 2, 3 & 4-bed houses for sale. By building additional dwellings in this location, BMHT will meet the demand in the Kings Norton area. The new properties will support the City's Climate Change Agenda with phase 2 building properties without the use of gas and the inclusion of air source heat pumps.

BMHT will develop the site and provide 58 new homes for social rented housing, associated infrastructure and landscaping with the Contractor developing 24 homes for sale by the Contractor.

#### **A4. Scope**

The Council will be undertaking the following:

- Highway and Infrastructure: management of the provision of new infrastructure for the new development.
- Procurement and contract management for the construction of the housing.
- Mixed tenure development of 58 social rented housing and 24 sale properties.

#### **A5. Scope exclusions**

- Sale and marketing costs.
- Acquisition costs.
- There are no site assembly and clearance costs attached to this scheme as the land is clear.

### **B. STRATEGIC CASE**

*This sets out the case for change and the project's fit to the Council Plan objectives*

#### **B1. Project objectives and outcomes**

*The case for change including the contribution to Council Plan objectives and outcomes*

- The project contributes to the Council Plan objectives/outcomes by:
- A Bold Prosperous Birmingham; the Council is committed to the development of enough high-quality new homes to meet the needs of a growing city, and the proposals within this report to accelerate housing growth in the City by providing new homes for rent and will help ease pressure on the housing register.
- A Bold Green Birmingham; the new homes will be built to a high standard of energy efficiency by using the latest technologies and use a range of measures to improve the environment and tackle air pollution by using cleaner technologies such as Fabric First and building energy efficient homes.
- A Bold Inclusive Birmingham; the new social housing will be available to any applicant on housing register.
- A Bold Healthy Birmingham; the links between health and housing are well recognised. New thermally efficient, economical to run new homes which are designed to high standards of quality and internal space standards will provide social rented housing for residents and offer a higher quality of life leading to better health outcomes.
- A Bold Safe Birmingham; new homes will be developed which will provide a safe, warm, sustainable, and connected neighbourhood in which all communities can thrive.

#### **B2. Project Deliverables**

*These are the outputs from the project eg a new building with xm2 of internal space, xm of new road, etc*

- 82 new dwellings and associated landscaping
- Mixed tenure development 58 social rented housing and 24 sale properties
- **Site area: Foyle Road 1.34 hectares / 3.31 acres brought into use**
- Density approximately will be 39 dwellings per hectare
- **Social rented housing**
- 9 x 2 bedroom (house) 4-person dwelling
- 7 x 3 -bedroom (house) 5 people dwelling
- 5 x 4 - bedroom (house) 7-person dwelling
- 1 x 5 – bedroom (house) 8-person dwelling
- 6 x 2-bedroom (flats) 4 -person dwelling  
Total of 28 properties (see flats numbers below)
- **Sale housing**
- 10 x 2 – bedroom (house) 4 -person dwelling
- 9 x 3 - bedroom (house)5 -person dwelling
- 5 x 4 - bedroom (house)7 -person dwelling
- Provision of 100% car parking space for 2-bedroom properties and 200% for 3 or more bedroom properties  
Total of 24
- **Site area: Redditch Road 0.52 hectares / 1.28 acres brought into use**
- Density approximately 58 dwellings per hectare
- **Social rented housing**
- 12 x 1 – bedroom (flats) 2 -person dwelling
- 18 x 2 – bedroom (flats) 3 -person dwelling  
Total of 30 Flats
- Provision of 100% car parking space
- This project will provide larger homes for priority need tenants

### B3. Project Benefits

*These are the social benefits and outcomes from the project, eg additional school places or economic benefits.*

Measure	Impact
List at least one measure associated with each of the objectives and outcomes in B1 above.	What the estimated impact of the project will be on the measure identified – please quantify where practicable (eg for economic and transportation benefits).
Construction of 82 new homes.	Relieve some pressure on the temporary accommodation and housing waiting list and provide employment/training opportunities through the building contract.
The land brought back into use following clearance.	Provision of social rented housing and improvement of HRA funding stream through rents generated.
More homes built towards achieving set targets.	Tenants will enjoy high-quality life through the provision of new housing.
<i>For major projects and programmes over £20m:</i>	

N/A
<p><b>B4. Benefits Realisation Plan</b></p> <p><i>Set out here how you will ensure the planned benefits will be delivered</i></p>
<p>The Council Houses will be delivered by the Council's well established and award-winning Birmingham Municipal Housing Trust (BMHT). The project will be managed by experienced project managers who will monitor expenditure and outturns monthly via monthly site project meetings. Progress will be regularly reported to the BMHT Project Board.</p>
<p><b>B5. Stakeholders</b></p>
<p>See G4 below.</p>
<p><b>C. ECONOMIC CASE AND OPTIONS APPRAISAL</b></p> <p><i>This sets out the options that have been considered to determine the best value for money in achieving the Council's priorities</i></p>
<p><b>C1. Summary of options reviewed at Outline Business Case</b></p> <p><i>(including reasons for the preferred option which has been developed to FBC)</i></p> <p><i>If options have been further developed since the OBC, provide the updated Price quality matrix and recommended option with reasons.</i></p>
<p>The Kings Norton Outline Business Case was included in the BMHT Delivery Plan 2019-2029 report approved by Cabinet on 14 May 2019, and the preferred option was for BMHT to develop the site. The report attached and this appendix outlines the Full Business Case, and the options are:</p> <ol style="list-style-type: none"> <li>1. To do nothing is not an option as the scheme will contribute to the Council's target for new homes for the city and the BMHT 10-year delivery plan.</li> <li>2. To develop the Scheme as outlined in this report through Birmingham Municipal Housing Trust (BMHT) and with resources for the development being made available through the Housing Revenue Account (HRA) business plan. This is the recommended proposal.</li> </ol>
<p><b>C2. Evaluation of key risks and issues</b></p> <p><i>The full risks and issues register is included at the end of this FBC</i></p>
<p>See the risk register in the attached report.</p>
<p><b>C3. Other impacts of the preferred option</b></p> <p><i>Describe other significant impacts, both positive and negative</i></p>
<p>The benefits of the housing scheme would relieve pressure on the housing waiting list, provide homes to those in temporary accommodation and increase the capital receipts received through a cash flow of rental income to the HRA on a long-term basis.</p>

## D. COMMERCIAL CASE

*This considers whether realistic and commercial arrangements for the project can be made*

### D1. Partnership, Joint venture and accountable body working

*Describe how the project will be controlled, managed and delivered if using these arrangements*

N/A

### D2. Procurement implications and Contract Strategy:

*What is the proposed procurement contract strategy and route? Which Framework, or OJEU? This should generally discharge the requirement to approve a Contract Strategy (with a recommendation in the report).*

The procurement route for this housing scheme will be to carry out a further competition exercise using the Homes England Delivery Partner Dynamic Purchasing System Agreement.

### D3. Staffing and TUPE implications:

N/a.

## E. FINANCIAL CASE

*This sets out the cost and affordability of the project*

### E1. Financial implications and funding

Key Inputs			
Construction		Running Costs, etc.	
Total Development costs	£10.99 m	Weekly rent	1 bed £84.25, 2 bed £99.95, 3 bed £127.39, 4 bed £153.07, 5 bed £167.78
Total Sales Income	£0.88m	Rent loss - voids / arrears	2.0%
		Annual rent increase	3.0%
RTB activity assumed	None	Management Costs	£1,002
		Repairs Costs	£957
Key Outputs		Capital Works (5-yearly)	£5,226
(Surplus) / Deficit after 30 years	£(0.98) m	Annual Cost Increase	2.5% (CPI 2.0%)

HRA Extract	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	
	£m	£m	£m	£m	£m	£m	
Rental Income	0.00	0.00	0.00	(0.06)	(0.18)	(0.31)	<b>(14.04)</b>
Voids and arrears	0.00	0.00	0.00	0.00	0.00	0.01	<b>0.28</b>

Repairs and Maintenance	0.00	0.00	0.00	0.01	0.03	0.05	<b>2.24</b>
Management Costs	0.00	0.00	0.00	0.01	0.03	0.05	<b>2.34</b>
Cash-backed Depreciation	0.00	0.00	0.00	0.02	0.04	0.06	<b>2.35</b>
<b>HRA Deficit / (Surplus) Contribution</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(0.02)</b>	<b>(0.08)</b>	<b>(0.14)</b>	<b>(6.83)</b>
Revenue contributions from wider HRA (to fund capital investment shown below)	(0.11)	(0.02)	(0.37)	(1.72)	(2.30)	(1.33)	<b>(5.85)</b>
Net HRA Impact	0.11	0.02	0.37	1.70	2.22	1.19	<b>(0.98)</b>

Capital Account	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	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
Pre Contract Costs	0.15	0.04	0.00	0.00	0.00	0.00	<b>0.19</b>
Build Costs (including Fees)	0.00	0.00	0.23	3.44	4.43	2.39	<b>10.49</b>
POS & Infrastructure Costs (including Commuted Sum)	0.00	0.00	0.23	0.00	0.00	0.08	<b>0.31</b>
<b>Total Development Costs</b>	<b>0.15</b>	<b>0.04</b>	<b>0.46</b>	<b>3.44</b>	<b>4.43</b>	<b>2.47</b>	<b>10.99</b>
Capital Investment / Renewals <sup>1</sup>	0.00	0.00	0.00	0.00	0.00	0.12	<b>2.35</b>
Other Capital Financing (RTB 1-4-1 Receipts)	(0.05)	(0.02)	(0.09)	(1.38)	(1.77)	(0.96)	<b>(4.26)</b>
Revenue Contributions from wider HRA	(0.11)	(0.02)	(0.37)	(1.72)	(2.30)	(1.33)	<b>(5.85)</b>
Receipts/Grant	0.00	0.00	0.00	(0.34)	(0.36)	(0.18)	<b>(0.88)</b>
Cyclical Maintenance Reserve Release	0.00	0.00	0.00	0.00	0.00	(0.12)	<b>(2.35)</b>
<b>Total Capital Income</b>	<b>(0.15)</b>	<b>(0.04)</b>	<b>(0.46)</b>	<b>(3.44)</b>	<b>(4.43)</b>	<b>(2.47)</b>	<b>(10.99)</b>
<b>Capital Account (Surplus) / Deficit</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Balance Sheet Extract	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2050/51
	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	4.32	8.10	11.66	21.62
Cyclical Investment Reserve	0.00	0.00	0.00	0.02	0.06	0.12	0.56

Capital Reserve	0.00	0.00	0.00	(4.34)	(8.16)	(11.78)	(22.18)
<b>Net</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Properties	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	
HRA Social Rent Properties	0	0	0	17	23	18	58
Sale Properties	0	0	0	9	10	5	24
<b>Total Properties</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>33</b>	<b>23</b>	<b>82</b>

Formal approval to the ongoing capital investment / renewals programme (at a total value of £2.35 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.

<b>E2. Evaluation and comment on financial implications:</b>
<b>E3. Approach to optimism bias and provision of contingency</b>
There are no contingencies identified within the project; however, we would recommend using the savings within the original Order of Cost estimate to mitigate against unexpected cost increases such as the impact of Covid-19 and noted price rises for materials in the construction industry.
<b>E4. Taxation</b>
<i>Describe any tax implications and how they will be managed, including VAT</i>
The construction of new dwellings is zero rated for VAT purposes. Zero rating extends to services in the course of construction of new dwellings but does not include professional and supervisory services, except where those services are provided as part of a single “design and build” contract for the construction of new dwellings. Furthermore, zero rating does not extend to items that are not ordinarily incorporated in new dwellings such as domestic appliances, e.g. cookers, fridges, washing machines etc., or garden buildings, e.g. sheds. As such, BCC will incur VAT on the acquisition and installation of such items within HRA dwellings
The letting of HRA dwellings is a statutory function of BCC and thus non-business. As such, BCC can reclaim VAT incurred on its development, provision, and management of new HRA dwellings without any adverse VAT implications for BCC. However, the VAT treatment of such income and expenditure should be confirmed prior to commencement of the project.
For the homes for sale, the land transfer value is exempt from VAT and any VAT on the Council’s cost associated with and transfer is exempt input tax that counts towards the Council’s 5% partial exemption limit.



## F. PROJECT MANAGEMENT CASE

*This considers how project delivery plans are robust and realistic*

<b>F1. Key Project Milestones</b>	<b>Planned Delivery Dates</b>
<i>The summary Project Plan and milestones is attached at G1 below</i>	
Planning submission	<b>25/2/2022</b>
Tendering	<b>1/4/2022</b>
Contract award	<b>1/9/2022</b>
Start on site	<b>1/1/2023</b>
Practical completion	<b>31/12/25</b>
Handover	<b>31/12/25</b>
Date of Post Implementation Review	<b>31/12/26</b>
Retention	<b>31/12/26</b>

### **F2. Achievability**

*Describe how the project can be delivered given the organisational skills and capacity available*

The Council is an award-winning developer of mixed-use residential developments through Birmingham Municipal Housing Trust (BMHT).

The Council set up BMHT in 2009 to build new council homes. Since 2009, BMHT has developed over 3500 new houses for rent and sale. BMHT has a proven track record on delivery and established itself as the most significant housing developer in Birmingham by completing 25% out of all new homes built in the City since 2011.

### **F3. Dependencies on other projects or activities**

There is an interdependency of all the elements of this project to deliver a comprehensive and strategic approach, which includes, Infrastructure works and Highways, procurement of development partners, associated legal documents/agreements to be negotiated and signed, and completion of planning conditions.

### **F4. Officer support**

**Project Manager: Sarah Edmead**

**Project Accountant: Andrew Healey**

**Project Sponsor: Paul Kitson**

### **F5. Project Management**

*Describe how the project will be managed, including the responsible Project Board and who its members are*

The project will be managed in house by BCC officer(s). Overall Management/monitoring shall be via the Housing Project Board attended by:

Paul Kitson– Strategic Director, Place, Prosperity and Sustainability

A representative of Housing Development to be advised

Andrew Healey – Finance Business Partner

## G. SUPPORTING INFORMATION

*(Please adapt or replace the formats as appropriate to the project)*

## G1. PROJECT PLAN

*Detailed Project Plan supporting the key milestones in section F1 above*

Project Start on Site Date:01/1/2023

Duration build on-site: minimum 156 weeks

Project completion: 31/12/2025

Retentions: 3/12/2026

## G2. SUMMARY OF RISKS AND ISSUES REGISTER

*Risks should include Optimism Bias, and risks during the development to FBC*

*Grading of severity and likelihood: High – Significant – Medium – Low*

*PLEASE REFER TO THE RISK REGISTER IN THE REPORT APPENDIX E*

		Risk after mitigation:	
Risk or issue	mitigation	Sever-ity	Likelihood
1.			
2.			
3.			

## G3. EXTERNAL FUNDING AND OTHER FINANCIAL DETAILS

*Description of external funding arrangements and conditions, and other financial details supporting the financial implications in section E1 above (if appropriate)*

N/A

## G4. STAKEHOLDER ANALYSIS

Stakeholder	Role and significance	How stakeholder relationships will be managed
Ward member	Active lead ward representative, the interest of constituents/ Council - High	In house through dialogue and engagement/consultation
Local community	Residents - High	Access to planning portal, consultation engagement and officer contact
Planning Officer	Consultant/ advisory - High	In house consultation and meetings
Contractor	Delivery/Operational -High	Contractual relationship – Considerate Contractors Scheme
Architect	Consultant/advisory/Designer - High	Periodic meetings, formal professional relationship

Engineer	Consultant/Advisory -High	Periodic meetings, formal professional relationship
Housing Project Board	Management/Monitor Housing Delivery - High	Provision of progress reports as required

## G5. BENEFITS REGISTER

*For major projects and programmes over £20m, this sets out in more detail the planned benefits. Benefits should be monetised where it is proportionate and possible to do so, to support the calculation of a BCR and NPSV (please adapt this template as appropriate)*

Measure	Annual value	Start date	Impact
<i>List at least one measure associated with each of the outcomes in B1 above</i>			<i>What the estimated impact of the project will be on the measure identified</i>
<b>(a) Monetised benefits:</b>	£		
<b>(b) Other quantified benefits:</b>			
<b>(c) Non-quantified benefits:</b>	n/a		

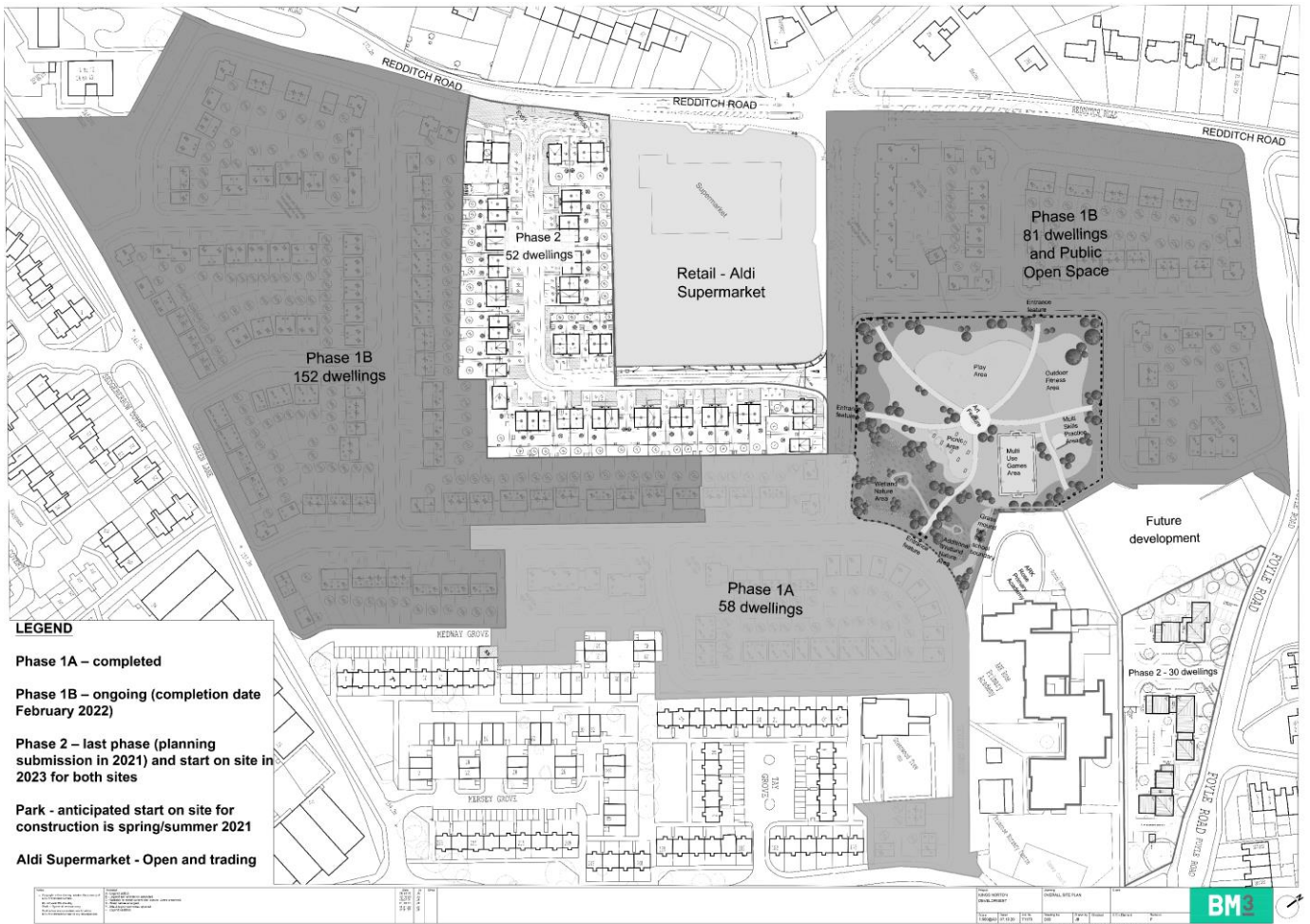
## Other Attachments

*provide as appropriate*

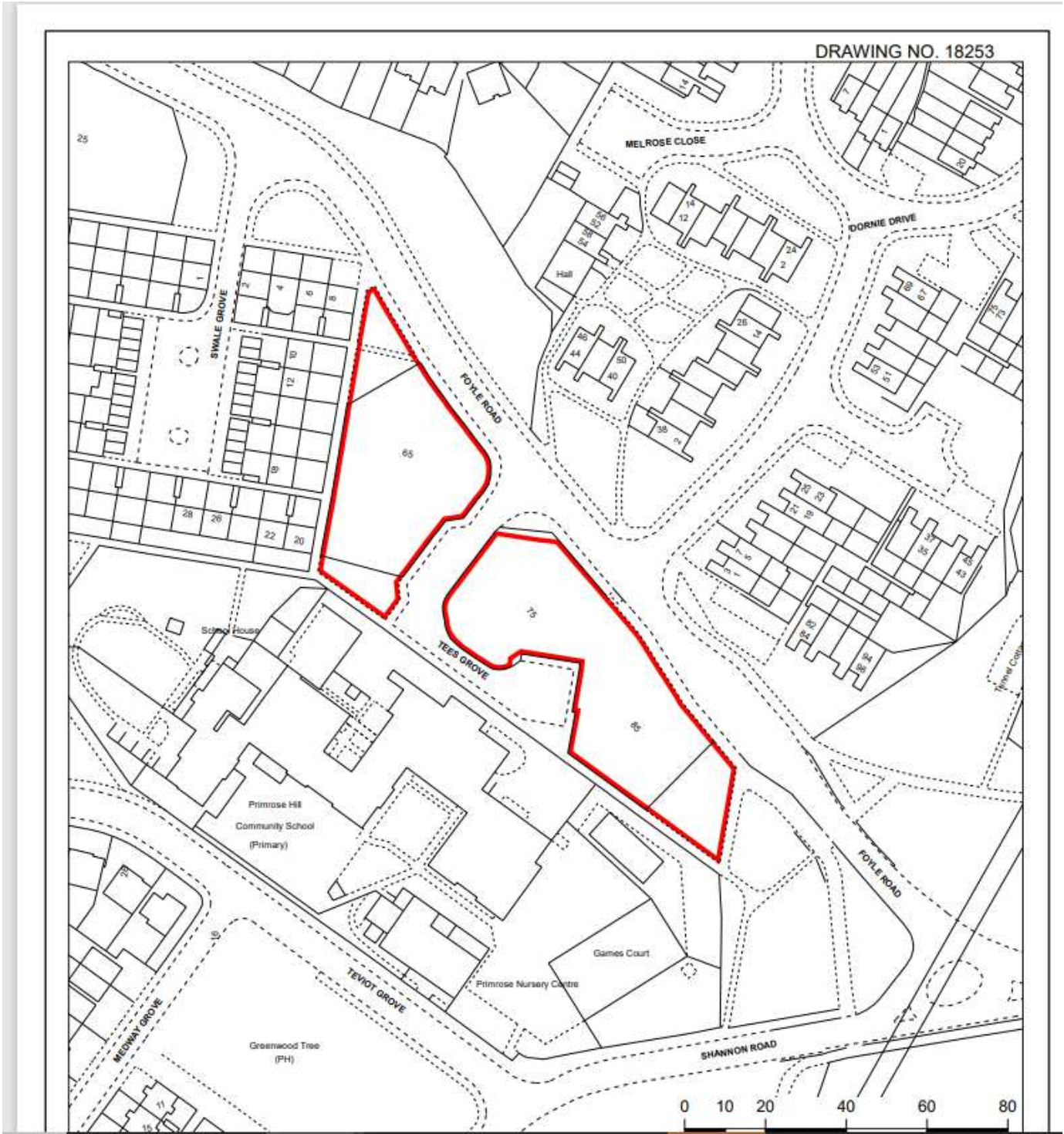
- None

-

# Appendix B

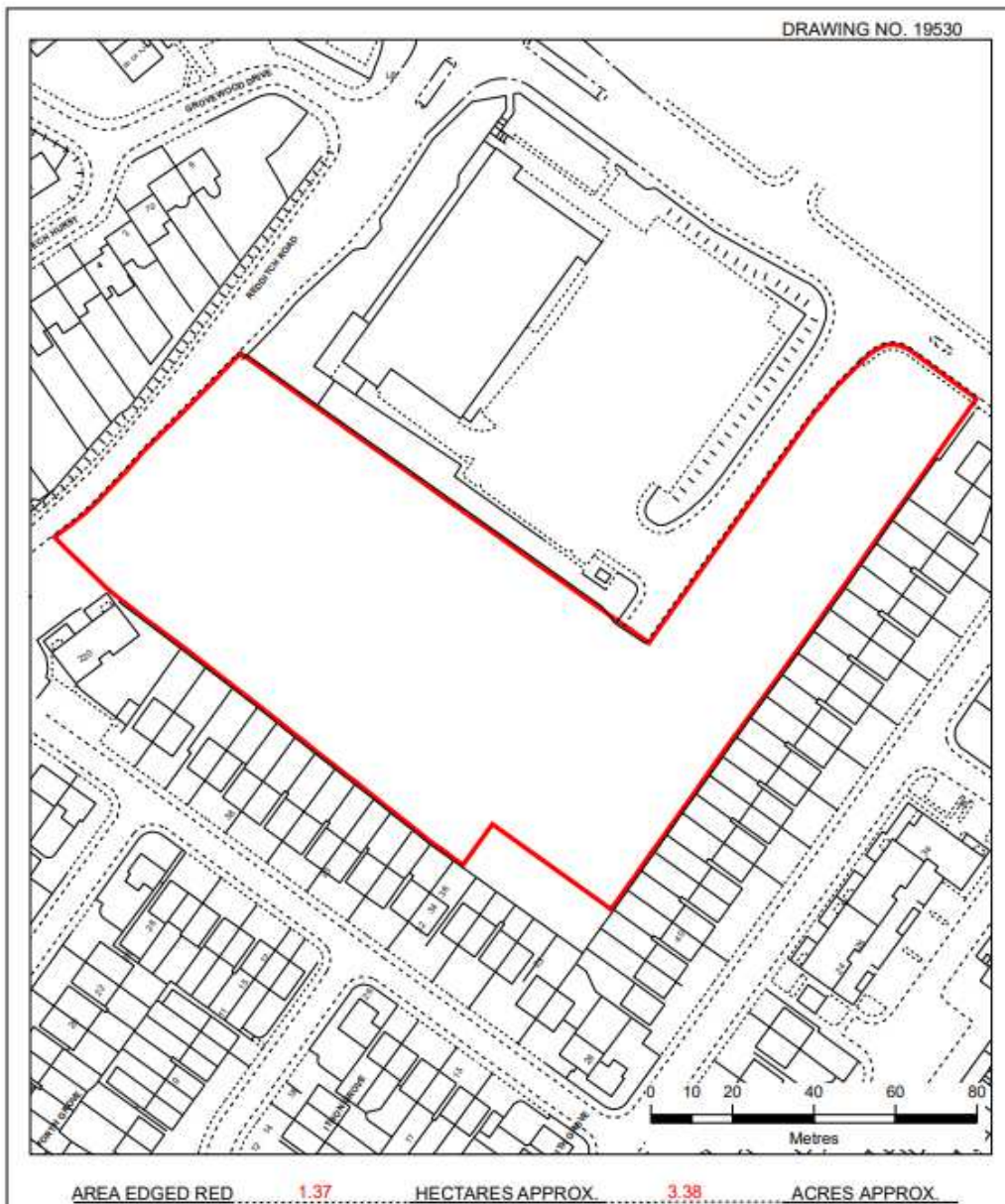


Appendix C1 – Foyle Road Site Red Line Plan





Appendix C2 – Redditch Road Site by Supermarket Red Line Plan



Appendix D – Consultation Plan

Site	Ward	Stakeholder	Activity & Response
Kings Norton Extension Phase 2	King Norton	<p>Cllr Peter Griffiths</p> <p>Tenants in the Kings Norton area</p> <p>Head of Ark Rose Primary School</p>	<p>Consultation was carried out via a Teams meeting with Cllr Peter Griffiths on the 13 October 2020 an update on the first phases was provided and information about the proposed phase 2 sites, both on Foyle Road and by the supermarket. A discussion and agreement on where letters would be sent to local residents updating and informing them of the current phase and proposed planning application. A copy of this report was sent out to Councillor Griffiths on 24 January 2022. Councillor Griffiths responded on 23 February 2022, providing approval to move forward with the Kings Norton Extension Primrose 2 development.</p> <p>Letters were sent out in March 2021 to households living in close proximity to both sites, with an update on the current phase and submission of the planning application for Kings Norton extension phase 2. Further consultation will be carried out as part of the planning exercise.</p> <p>Two meetings have also been held with Ark Rose Primary Academy. In November 20 the plans for the site near to the school were discussed and the school provided comments. The school raised concerns about the car parking and about the school being hidden behind the flats that will be built. There were concerns about overlooking into the playground from the flats. A second meeting was held on the 19 October 21 with revised plans, the car parking has now been moved and a location for a possible board for the school agreed. Shutters on the window of one block will be included to stop any overlooking into the school playground.</p>

Appendix E, Risk Register

Risk No	Risk description	Risk mitigation	Residual / current risk			Additional steps to be taken
			Likelihood	Impact	Prioritisation	
1.	Difficulty in attracting bidders for the development opportunity.	<p>The Homes England Delivery Partner Dynamic Purchasing System Agreement is a specialist route to market for housing projects with suitable suppliers for this project.</p> <p>Homes England Delivery Partner Dynamic Purchasing System Agreement has been previously used for Schemes of this size and nature and has proved to be successful.</p>	Low	Medium	Tolerable	Early market engagement to be undertaken with the framework suppliers to inform of tender opportunity.
2.	Tender pricing comes in above the pre-tender estimate.	The Employers Agent to provide a timely pre-tender estimate that reflects current market conditions prior to issuing tender documentation.	Medium	Significant	Material	We are exploring with Homes England whether the DPS process allows any opportunity to pro-actively reduce this risk e.g. variant bids. However, in the event that this is not, and only clarifications are permissible, then if tenders are over the pre-tender estimate, further funding would be required at the expense of other projects. If such funding is not



						available the project will need to be aborted and the scope reviewed prior to re-tendering.	
3.	Costs increase during construction period.	Ensure robust contract management process are in place.  Review and challenge all proposed cost increases.	Medium	Medium		Material	Costs continually reviewed in conjunction with project team. In the event of costs escalating, contract variations may be required to manage them.
4.	Planning / Highways Approval Delays.	Development and Planning Teams work more closely together on Scheme design and objectives.	Medium	Significant		Material	Review on a monthly basis and escalate earlier if necessary.
5.	Covid19 / Brexit.	Continual monitoring of the latest situation. Review contract terms and conditions to ensure relevance. Seek to transfer risk of cost increase to third parties e.g. Contractor.	Medium	Significant		Material	Regularly review the situation.

## Appendix F – Equality Impact Assessment

Title of proposed EIA	Kings Norton Extension Phase EIA
Reference No	EQUA785
EA is in support of	New Function
Review Frequency	Six Months
Date of first review	04/03/2022
Directorate	Inclusive Growth
Division	
Service Area	Housing Development Team
Responsible Officer(s)	<a href="#">Sarah Edmead</a>
Quality Control Officer(s)	<a href="#">Richard Woodland</a>
Accountable Officer(s)	<a href="#">Julia C Martin</a>
Purpose of proposal	Carryout EIA for development of Kings Norton Extension Primrose 2
Data sources	Survey(s)
Please include any other sources of data	
ASSESS THE IMPACT AGAINST THE PROTECTED CHARACTERISTICS	
Protected characteristic: Age	Not Applicable
Age details:	
Protected characteristic: Disability	Not Applicable
Disability details:	
Protected characteristic: Sex	Not Applicable
Gender details:	

Protected characteristics: Gender Reassignment

Not Applicable

Gender reassignment details:

Protected characteristics: Marriage and Civil Partnership

Not Applicable

Marriage and civil partnership details:

Protected characteristics: Pregnancy and Maternity

Not Applicable

Pregnancy and maternity details:

Protected characteristics: Race

Not Applicable

Race details:

Protected characteristics: Religion or Beliefs

Not Applicable

Religion or beliefs details:

Protected characteristics: Sexual Orientation

Not Applicable

Sexual orientation details:

Socio-economic impacts The proposed development will provide employment, apprenticeship, training, opportunities as part of the build contract in line with the requirements of BCC4SR.

Please indicate any actions arising from

None

completing this screening exercise.

Please indicate whether NO a full impact assessment is recommended

What data has been collected to facilitate the assessment of this policy/proposal? Consultation with school, Ward Members and affected tenants in the Kings Norton area.

Consultation analysis Consultation was carried out via a Teams meeting with Cllr Peter Griffiths regarding the 2 sites, the site next to supermarket and Foyle Rd site  
Letters were sent out in March 2021 to households living in close proximity to both sites, with an update on the current phase and submission of the planning application for Kings Norton extension phase 3  
Further consultation will be carried out as part of the planning exercise. Two meetings have also been held with Ark Rose Primary Academy.

Adverse impact on any people with protected characteristics. None

Could the policy/proposal be modified to reduce or eliminate any adverse impact? N/A

How will the effect(s) of this policy/proposal on equality be monitored?

What data is required in the future? Once the Scheme is completed, data will be collected on Council's Northgate system to ensure that the needs of the tenants are met, which includes data of the protected characteristics.

Are there any adverse impacts on any particular group(s) No

If yes, please explain your reasons for going ahead. N/A

Initial equality impact assessment of your proposal

The proposal is to build a mixed tenure of 82 new homes for social rent and sale in Kings Norton. There is a mix of 2/3/4/5 bedroom houses and 1/2 bedroom flats. These properties are built to a high quality standard and will benefit from the Councils Route to Zero Strategy and will be built to a high thermal efficiency level and the reduction of the housing carbon footprint.

The Scheme will also include apprenticeship opportunities in construction for local people. The new homes will help ease pressure on the housing waiting list that currently has around 19,069 people registered as in housing need. There is an existing housing allocation policy that will be used when tenants are being allocated to these properties. The properties are built with level access and are lifetime homes standard.

Consulted People or Groups

Informed People or Groups

Summary and evidence of findings from your EIA

No adverse impact on the protected characteristic groups as the development on Kings Norton will bring a disused site into use; overall this will contribute to equality of opportunity for all by providing much-needed housing across a range of sizes, creating employment and training opportunities as well as helping to reduce fuel poverty. It is anticipated that the Scheme addressing fuel poverty in a sustainable manner will be used as a benchmark for future developments for the council. In addition, no potential to disproportionately disadvantage any protected group was identified through the consultation process.

QUALITY CONTROL SECTION

Submit to the Quality Control Officer for reviewing?

No

Quality Control Officer comments

Decision by Quality Control Officer

Submit draft to Accountable Officer? Yes

Decision by Accountable Officer

Date approved / rejected by the Accountable Officer

Reasons for approval or rejection

Please print and save a PDF copy for your records Yes

