

Report to:	CABINET
Report of:	Strategic Director of Economy
Date of Decision:	21 March 2017
SUBJECT:	LAND APPROPRIATIONS TO SUPPORT HOUSING GROWTH
Key Decision: Yes	Relevant Forward Plan Ref: 001961/2016
If not in the Forward Plan: (please "tick" box)	Chief Executive <input type="checkbox"/> Approved O&S Chairman Approved <input type="checkbox"/>
Relevant Cabinet Member:	Councillor John Clancy, the Leader. Councillor Peter Griffiths, Cabinet Member for Housing and Homes. Councillor Majid Mahmood, Cabinet Member for Value for Money and Efficiency.
Relevant O&S Chairman:	Councillor Victoria Quinn – Housing, Homes and the Environment Councillor Mohammed Aikhlaq, Corporate Resources and Governance
Wards affected:	Brandwood, Kingstanding, Ladywood, Northfield, Sparkbrook, Tyburn, and South Yardley.

1. Purpose of report:

- 1.1 To seek approval for the appropriation of 0.73 hectares (1.82 Acres) of Housing Revenue Account (HRA) land into the General Fund (GF) and the appropriation of 3.61 hectares (8.95 Acres) of General Fund land into the Housing Revenue Account. These appropriations will rationalise the Council's property portfolios and facilitate the development of additional housing provision within the City.
- 1.2 To provide details of the tender strategy for the demolition of Greenwood Academy.
- 1.3 The accompanying Private report contains commercially confidential information in relation to the proposed demolition procurement.

2. Decision(s) recommended:

That Cabinet:

- 2.1 Approves the appropriation of 0.73 hectares of HRA land to the General Fund as shown in the site plans at Appendix 2, for the functions as identified within Appendix 1 with the market value of £270,000.
- 2.2 Approves the appropriation of 3.61 hectares of General Fund land as shown in the site plans at Appendix 2, the Council being satisfied that the land is no longer required for its current function as identified within Appendix 1, to the HRA for Housing purposes under the Housing Act 1985, with a total market value of £3,910,000, subject to the procedure at 2.4 having been followed.

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- 2.3 Notes that maintenance responsibility for all land appropriated will transfer to the receiving directorate of the Council as identified in Appendix 1.
- 2.4 Authorises the Strategic Director of Economy to advertise loss of public open space and determine objections to public open space adverts, once the sites have been declared surplus.
- 2.5 Delegates to the Director of Property, in consultation with the Strategic Director of Economy the power to vary the boundaries of the sites identified at Appendix 1 and their relevant plans by up to 10% of the total area of the site.
- 2.6 Authorises the City Solicitor to negotiate, execute, and complete all necessary documentation to give effect to the above recommendations.

Lead Contact Officer(s):	Clive Skidmore, Head of Housing Development, Economy Directorate.
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3. Consultation

3.1 Internal

- 3.1.1 The Acting Strategic Director of Place has been consulted on the implications for the Housing Revenue Account (HRA) and supports the proposals.
- 3.1.2 Elected Ward Members and District Chairs of the sites identified in Appendix 1 have been consulted over the contents of this report and support the recommendations. The responses are attached as Appendix 4.
- 3.1.3 Officers in Legal Services, Procurement, City Finance, Birmingham Property Services and Housing Development have been involved in the preparation of this report.

3.2 External

- 3.2.1 Residents in all areas will be consulted as part of the statutory planning application process and their comments taken into account in the determination of future planning applications.

4. Compliance Issues:

- 4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

4.1.1 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 Housing Revenue Account (HRA) Business Plan 2017+.

4.1.2. Fairness - to tackle inequality and deprivation, promote social cohesion across all communities in Birmingham, and ensure dignity, in particular for our elderly and safeguarding for children – by providing new affordable homes, apprenticeships and bursary programme placements.

4.1.3. Prosperity - to lay the foundations for a prosperous City, built on an inclusive economy – by stimulating the construction industry through the Council's housing building programme.

4.1.4 Democracy - to involve local people and communities in the future of their local area and their Public Services – by consulting communities about proposals for new development and ensure that new homes meet local needs and localised targeting of training, education and employment initiatives to complement the house-building programme.

4.1.5 Birmingham Business Charter for Social Responsibility (BBC4SR)

The estimated value of the demolition contract is below the threshold for the BBC4SR. However, the successful supplier will be required to pay the Birmingham Living Wage as a condition of contract.

4.2 Financial Implications

4.2.1 By law, any appropriation of land between the HRA and General Fund results in a transfer of borrowing between the HRA and General Fund equivalent to the open market value of the land appropriated. In addition, the total level of borrowing that can be incurred by the HRA is constrained to not exceed a cap imposed as a part of the HRA Self-financing settlement, effective from 1 April 2012.

4.2.2 The total open market value of the appropriations included in this report from the HRA to the General Fund is estimated to be £270,000 and the equivalent value for appropriation from the General Fund to the HRA is estimated to be £3,910,000. This results in a net transfer to the General Fund of £3,640,000. The individual site details are set out in Appendix 1.

4.2.3 Assuming an average long term interest rate of 4% per annum, this would result in a revenue cost to the HRA of approximately £145,600 per annum in perpetuity, with revenue savings to the General Fund of a similar value. It is not anticipated that there will be any further significant revenue consequences associated with the maintenance of these sites prior to their redevelopment.

4.2.4 The funding for the demolition of Greenwood Academy will be met from the Public Sector Clearance Capital Budget.

4.3 Legal Implications

4.3.1. The Council has powers to hold and appropriate land under Sections 120-122 of the Local Government Act, 1972. Under Section 122 of the Local Government Act 1972, the Council may appropriate for any purpose for which the Council is authorised by legislation to acquire land; and land which belongs to the Council and is no longer required for which it is held immediately before the appropriation.

4.3.2 Section 122(A) requires that where land is existing public open space, notice of the change of use must be advertised prior to the appropriation taking place.

4.3.3 The legal framework for the release of allotments for housing development is set out in the Local Government Planning and Land Act, 1980 and Local Government and Planning (Amendment) Act 1981, and the Allotments Act of 1925.

4.4 Public Sector Equality Duty

4.4.1 Please see attached Equality Assessment EA001783 (appendix 3). The Equality Assessment has shown that there is no negative impact on the protected characteristic groups and a full assessment is not required.

5. Relevant background/chronology of key events:

5.1 The BMHT Delivery Plan, approved by Cabinet in November 2014, sets out the programme to maintain the size of the BMHT programme at around 450 new homes starting on site every year. However, such is the scale of housing need in the city that in the last two years the Council has exceeded this target by building over 550 new homes each year. This scale of development will require the Council to use its existing land assets more effectively to establish more development land to be made available than currently exists within the HRA, and therefore it is proposed to appropriate a number of sites from the General Fund in order to support housing growth in the City.

5.2 The HRA Business Plan 2017+ proposes the development of over 4,700 new homes to be built using the BMHT model over the next 20 years at a cost to the council of £519 million. This investment will be funded from a combination of rent income and capital receipts.

5.3 Birmingham needs a supply of new homes to address the serious shortage of housing supply, and an estimated 89,000 additional homes are needed in the City by 2031. There is a finite amount of cleared land (or land planned for clearance) held in the HRA. To maximise future development opportunities, appropriations of land into the HRA will increase this figure and allow the Council more control over the timing and nature of residential development on these sites.

5.4 A review of the HRA portfolio has identified that there are a number of assets within the HRA which would be more appropriately located in accounting terms within the General Fund. One of the drivers for this report is therefore to ensure that assets are appropriately placed and accounted for within the HRA and General Fund.

5.5 This report recommends that sites in the General Fund be appropriated into the Housing Revenue Account (HRA) for development of mixed tenure (including affordable) housing

through the Council's housebuilding arm, the BMHT, and that sites which are currently within the HRA and would be more appropriately placed within the General Fund, are appropriated to the General Fund. The appropriation values have been determined by Birmingham Property Services.

5.6 Procurement Strategy for the Demolition of Greenwood Academy. The Greenwood Academy building is currently located on the site as shown on the site plan in Appendix 2 and the Academy is scheduled to relocate to its new building in September 2017. The demolition of the existing building is required to allow the site to be developed for housing.

5.6.1 Scope and Specification

The scope and specification for the site is as follows:

- Preliminaries in preparation for the works to commence
- Demolition including;
 - Removal of fencing and boundaries
 - Removal of communication lines
 - Removal of any fly tipped and surplus materials
 - Identification and disposal of asbestos and toxic waste
 - Site protection
 - Erect temporary security fencing
 - Demolish properties to slab level and material to be crushed or removed from site

5.6.2 Tender Structure (Including Evaluation and Selection Criteria)

The preferred tendering route for this commission is through Find It In Birmingham.

5.6.2.1 Evaluation and Selection Criteria

The quality / price balances below were established having due regard for the corporate document 'Advice and Guidance on Evaluating Tenders' which considers the complexity of the services to be provided. The tender documents will include the form of contract; JCT Measured Contract 2011 with the Council's amendments, specification and standard details.

5.6.2.2 Tenders will be evaluated against the specification in accordance with a pre-determined evaluation model.

5.6.2.3 The evaluation of tenders will be assessed as detailed below:

Assessment A

The criteria below, based on the PAS91:2013 Construction Prequalification Standard, will be assessed on a pass / fail basis:

- Supplier Information
- Economic / Financial Standing
- Health and Safety / Construction Design Management
- Business and Professional Standing
- Equality Legislation
- Environmental and Sustainability Management

- Statement of Good Standing
- Economic and Financial Standing
- Compliance to the Birmingham Business Charter for Social Responsibility
- Scored Section
- Experience and References (100%)

Those organisations that pass all sections of Assessment A and score above 60% for the scored section will proceed to the next stage.

Assessment B - Quality

Criteria	Overall Weighting	Sub-Weighting
Quality - Written Proposals (30% Weighting)		
Technical Competence and Capacity	100%	45%
Organisation and Resources		25%
Project Methodology		30%

An interview with tenderers may take place if required to clarify their understanding of the requirements and the scoring adjusted accordingly, as appropriate. Tenderers will be required to meet a minimum quality threshold.

Assessment C – Pricing (Weighting 70%)

Tenderers would submit a fixed price tender with the demolition of the site.

Overall Evaluation

The evaluation process will result in comparative quality, and price scores for each tenderer. The maximum score will be awarded to the tender that demonstrates the highest for quality. Similarly the maximum price score will be awarded to the lowest acceptable price. Other tenderers will be scored in proportion to the maximum scores in order to ensure value for money.

5.6.3 Evaluation Team

The evaluation of the tenders will be undertaken by:

- Officers from BCC
- Officers from Acivico supported by officers from Corporate Procurement Services

5.6.4 Risk

The Corporate Procurement Services (CPS) approach is to follow the Council Risk Management Methodology and the Category Team is responsible for local risk management. CPS maintains a risk management register and documentation relevant for each contract. The risk

register will be jointly produced and owned by CPS and Planning and Regeneration, with arrangements being put in place to ensure risks are mitigated.

5.6.5 Indicative Implementation Plan

Stage	Date
Delegate Procurement Strategy Report Approval	26th May 2017
Tender Advertised	27th May 2017
Tender Return Deadline	1 st July 2017
Evaluation Period	1st July to 22nd July 2017
Delegated Contract Award	5th Aug 2017
Contract Award	26 Aug 2017
Contract Commenced	19th Sep 2017
Demolition complete	2nd December 2017

5.6.6 Service Delivery Management

Acivico (Building Consultancy) Ltd has been commissioned as the project managers for the procurement and delivery of the demolition contract.

6. Evaluation of alternative option(s):

- 6.1 Failure to appropriate land to the HRA would mean that the BMHT programme would deliver less new homes due to the shortage of development land available.
- 6.2 The appropriation of land into the HRA will provide land for housing development and support housing growth.
- 6.3 It is good asset management practise to ensure that assets which support either HRA or General Fund activity are appropriately accounted for within the relevant portfolio.
- 6.4 Other procurement frameworks are available including Construction West Midlands, Homes and Communities Agency Deliver Partner Panel; however, Procurement officers advise that Find It In Birmingham is the most appropriate portal for this commission.

7. Reasons for Decision(s):

7.1 The proposed recommendations will achieve the twin objectives of appropriately accounting for Council assets within the relevant portfolio and providing development land to the BMHT to support housing growth for Birmingham.

Signatures:

Councillor John Clancy
The Leader

..... Dated:.....

Councillor Peter Griffiths
Cabinet Member for Housing and Homes

..... Dated:.....

Councillor Majid Mahmood
Cabinet Member for Value for Money and Efficiency

.....Dated:.....

Waheed Nazir
Strategic Director of Economy

..... Dated:

List of Background Documents used to compile this Report:

HRA Business Plan 2017+
BMHT Delivery Plan Cabinet Report (November 2014)

List of Appendices accompanying this Report (if any):

1. Schedule of Sites.
2. Site Plans.
3. Equality Assessment.
4. Consultation Responses.