

# Birmingham City Council

## Report to Cabinet

14<sup>th</sup> December 2021



**Subject:** Druids Heath Regeneration

**Report of:** Director Planning, Transport and Sustainability

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

**Relevant O &S Chair(s):** Councillor Mohammed Aikhlaq– Resources; Councillor Carl Rice, Chair of Co-ordinating OSC; Councillor Saima Suleman– Economy and Skills

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s): Druids Heath & Monymhull		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 008915/2021		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential: Exempt Appendix 8. 3. Information relating to the financial or business affairs of any particular person (including the Council). There will be an exempt appendix as the procurement values are commercially confidential.		

### 1 Executive Summary

- 1.1 The Druids Heath Estate as identified in Appendix 1, has been recognised as an area for housing led regeneration that will deliver significant benefits for the local community, and benefit the wider Birmingham economy. Following resident consultation in 2018 and a public meeting in February 2020 on a housing led masterplan, it was clear from the residents' feedback that there was a need to

address both social, economic, community and environmental issues and a more extensive masterplan would be required.

- 1.2 This report seeks authority to commence a wider master planning and investment strategy with the commitment from City Operations, City Housing, Education and Skills and Council Management in order to respond to the request from the community for a more holistic approach to the regeneration of Druids Heath that includes housing, community, economic, social and sustainable opportunities.
- 1.3 Approval is sought to explore the options for delivery to enable partner[s] and the City Council to work closely with the local community to build on previous engagement and deliver a sustainable placemaking approach to the regeneration of Druids Heath Estate that ensures the retained estate and new development are able to meet the carbon reduction targets of the city through opportunities for retrofitting and improved specification to enable deliverable and affordable route to zero standards
- 1.4 The delivery options will consider developing the first phase of the Druids Heath North (encompassing land to the north of Bells Lane comprised of Bells Farm, Pennyacre and Druids Heath East areas). A separate authority will be sought to identify development opportunity in Druids Heath South comprising land to the South of Bells Lane which will be considered as a phase 2.

## **2 Recommendations**

- 2.1 Approves the Project Initiation Document for a regeneration programme of the Druids Heath Estate as set out in Appendix 2 of this report.
- 2.2 Approves the Druids Heath Development Brief in Appendix 3 and acknowledges the importance of working together with City Housing and City Operations to ensure the allocation of appropriate resources to the project.
- 2.3 Approves the strategy and commencement of the procurement activity for the provision of employer's agent services to support the regeneration of Druids Heath as detailed in Appendix 6.
- 2.4 Delegates the award of contract for the provision of employer's agent services to progress through to delivery the regeneration of Druids Heath North to the Director Planning, Transport and Sustainability in conjunction with the Interim Assistant Director, Procurement (or their delegate), the Director of Council Management (or their delegate) and the Acting City Solicitor (or their delegate).
- 2.5 Approves the strategy and commencement of the procurement activity for the provision of the property advice to support the regeneration of Druids Heath as detailed in Appendix 6.
- 2.6 Delegates the award of contract for the provision of property advice to support the regeneration of Druids Heath to the Director Planning, Transport and Sustainability, in conjunction with the interim Assistant Director, Procurement (or

their delegate), the Director of Council Management (or their delegate) and the Acting City Solicitor (or their delegate).

- 2.7 Notes the timeline of an Outline Delivery Options Appraisal and Full Business Case which will be presented to Cabinet in 2022 following the creation of a masterplan.
- 2.8 Authorises the Director Planning, Transport and Sustainability and Director, Council Management to apply for and accept any external funding associated with the Druids Heath Scheme to help support the delivery and unblock barriers to delivery to maximise the opportunity for levelling up.
- 2.9 Authorises the Acting 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 highways agreements required for the development.

### **3 Background**

- 3.1 Druids Heath is a purpose-built municipal housing estate that is located approximately six miles south of the city centre and lies on the periphery of Birmingham and Bromsgrove local authority boundaries. It is within the Druids Heath and Monymhull Ward and borders green belt land within Bromsgrove District Council. It is a predominantly residential area, primarily developed in the 1960's with smaller extensions in later decades to provide a mixture of low rise and high-rise accommodation. The area has good access to the motorway network and local bus services. Local rail services are 3 miles and 4.5 miles away at Cotteridge [Kings Norton] and Shirley
- 3.2 In 2018 Cabinet approved the Full Business Case for the Druids Heath scheme, site assembly, demolition, and procurement necessary to deliver the project. Also, in 2019 an Option to Return Policy was approved by Cabinet and a local lettings plan was approved by the Cabinet Member for Homes and Neighbourhoods. In February 2020, Druids Heath residents requested that the Council revisit the masterplan to deliver a more comprehensive regeneration for Druids Heath.
- 3.3 The importance of bringing forward housing regeneration and 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 residents.
- 3.4 The approach advocated through the BDP responds to the significant social and environmental challenges facing the area and its residents. There are four key residential areas in Druids Heath, as shown in Appendix 1, with three areas contained North of Bells Lane and one area sited South of Bells Lane.

- 3.5 The opportunity for Druids Heath East within the North area of the estate will be the initial focus for a more comprehensive masterplan together with any opportunity sites identified within the wider North area to accelerate housing development in the short term. Druids Heath South will be considered in phase 2.
- 3.6 There is a strong community spirit in the area, and a key objective of the regeneration will be to ensure that the community is fully engaged and participates in the development of proposals and the delivery. The regeneration objectives will be established through partnership working with the community utilising the regeneration and engagement expertise of The Pioneer Group who have been awarded a contract to undertake community engagement for the project.
- 3.7 By working together with the community on the regeneration initiative there is an opportunity to address both social, economic, community and environmental issues to deliver significant benefits for the local community and the wider Birmingham economy. The regeneration would seek to deliver against an overarching series of objectives as set out in the development brief and masterplan brief and acknowledges the importance of working together with City Housing and City Operations to ensure the allocation of appropriate resources to the project.
- 3.8 To deliver on the strategic policies, community ask and to secure a comprehensive approach to the area's regeneration the City Council will need to engage partner[s] with sufficient experience and financial standing and vision. The purpose of the partnership[s] will be to create vehicles through which the Council and local community can create an aspirational neighbourhood. The opportunity will be for Druids Heath East area in the first instance, together with any opportunity sites identified within the wider North area.
- 3.9 To maximise the opportunities for Druids Heath and its residents the Council will seek to utilise the Levelling Up Fund for Regeneration and Town Centre Investment to deliver transformational opportunities through infrastructure and green credentials

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

##### **4.1 Options to consider:**

- 4.1.1 Option 1 – Do Nothing. The area has remained largely unchanged since it was built. Druids Heath remains the only large municipal estate in Birmingham that has not received any major regeneration and in an area that represents significant housing market regeneration opportunity. This option has been discounted on the basis that in the absence of a comprehensive approach to the area's regeneration the social, economic, community and environmental issues will not be addressed.

- 4.1.2 Option 2 – Comprehensive Clearance of the Site and Disposal Through Sale of the Land on the Open Market. The Council would have no influence over the timing and quality of the development and the nature of land ownerships and infrastructure would undermine the ability to deliver a comprehensive approach. For this reason, this option has been discounted.
- 4.1.3 Option 3 – To tender for Direct Delivery of the Regeneration by the Council through the Birmingham Municipal Housing Trust (BMHT). BMHT have been working on the scheme since 2016 and produced a housing development plan which was not accepted by the residents who requested that the City Council look at a wider regeneration programme in February 2020. It is now clear that the City Council could not directly deploy the level of financial and staff resources required to deliver a regeneration programme on the scale required to transform the area, address the issues raised over the previous 12 months and realise the full benefits for the residents. This option has been discounted.
- 4.1.4 Option 4 - Complete Resident Engagement and Produce an Agreed Master Plan and Full Viability Assessment that will inform the procurement strategy for the project. Further options will be presented in the Stage 2 Cabinet Report in Spring 2022.
- 4.1.5 This option 4 - would also enable a significant degree of community engagement / empowerment and ensure that the existing community was fully integrated in the regeneration process. This option would align with the aspirations of the community and the City Council. This is the recommended option.

## **5 Consultation**

- 5.1 The ward member for Druids Heath and Monyhull has been consulted, as detailed in Appendix 4.
- 5.2 Residents' representatives have been engaged through a Partnership Board established in 2020, identifying key themes from previous consultation and resident engagement. This Board has acted as a springboard to inform further engagement and consultation with residents. The Pioneer Group, regeneration and community engagement specialist based in Birmingham, has been awarded a contract for stakeholder engagement to support the project. The services include engaging with a wider group of residents, existing groups, stakeholders and partners in the community and undertaking further collaborative engagement events to ensure that the wider community can influence the masterplan and proposals to regenerate Druids Heath.
- 5.3 A Druids Heath Senior Officer Group has been established to ensure a collaborative approach to the investment Options Strategy. The group consists of the Director Planning, Transport and Sustainability, Acting Assistant Director

Housing Development, Managing Director City Housing, Assistant Director Neighbourhoods, Assistant Director City Housing, and Assistant Director Finance and Business Partnering.

## 6 Risk Management

6.1 The key risks and mitigations are summarised below:

Commitment from directorates across the Council	Work closely with the Druids Heath Senior Officers Group to ensure resources can be allocated and issues are identified early and resolved.
Community buy-in for masterplan not achieved.	Work closely with appointed community engagement specialists [Pioneer] and key community groups from the outset.
Outline Planning Application not approved.	Close working practices are already in place with Local Planning Authority, highways, Parks, and statutory organisations. to ensure policy and procedures are adhered to.
Difficulty in appointing Housing Development Partner	Highlighting early the opportunity to developers. Use of BMHT to build Council Properties
Masterplan Infrastructure costs are estimates / and aren't affordable	Work closely with Employers Agent, Finance, other Directorates, statutory organisations, and partners to identify funding / cost issues early. Apply for external funding and grants available to unlock development potential.
Increased costs due to materials and labour	Early procurement. Joint Venture risk share.

6.2 A risk register has been attached in Appendix 5.

## 7 Compliance Issues:

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

The development of new homes for a growing city is a key objective of the City Council. The development of new affordable housing within the City is in accordance with the objectives of the Council Financial Plan 2021 - 2025. The

proposals also contribute to the delivery of the City Council's core vision and priorities in the Council's Vision and Forward Plan 2018-2022 of:

- 7.1.1 **Birmingham is a great city to live in:** This scheme will provide significant housing growth and create a new aspirational neighbourhood.
- 7.1.2 **Birmingham is an entrepreneurial city to learn and work and invest:** The masterplan will consider and design in opportunities for learning, working and investment.
- 7.1.3 **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.
- 7.1.4 **Birmingham is a fulfilling city to age well in:** 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 be more affordable for residents and will offer a higher quality of life leading to better health outcomes.
- 7.1.5 **Birmingham a city that takes a leading role in tackling climate change:** New homes will be thermally efficient, economical to run and will be compliant with removal of gas heating and contribute to a sustainable housing development. Poor quality green spaces will be repurposed, and usable green space invested in alongside investment in retained homes to ensure a sustainable regeneration that is people focussed.
- 7.1.6 The proposals also align to the statutory policies in the Birmingham Development Plan.
- 7.1.7 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 and the action plan of the successful tenderers will be implemented and monitored during the contract period.

The social value outcomes to benefit the Druids Heath and Monyhull ward and surrounding areas, that tenderers will be required to address will include:

#### **Local Employment**

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

### **Buy Local**

- Spend to be, as practically as possible, with local, small and medium enterprises as well as social enterprises within a 30-mile radius of the scheme.

### **Partners in Communities**

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

### **Good Employer**

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

### **Green and Sustainable**

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

### **Ethical Procurement**

- The outcomes sought under this theme relate to the treatment of subcontractors in terms of payment and training.
- 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 The power to recognise and manage assets in land and property is contained in sections 120 and 123 of the Local Government Act 1972 and section 32 Housing Act 1985.
- 7.2.2 As the Housing Authority, the relevant legal powers relating to the discharge of the Council's statutory function to provide for its housing need are contained in section 9 of the Housing Act 1985.

## **7.3 Financial Implications**

- 7.3.1 An update on expenditure relating to the existing Employers Agent contract and a cost estimate for future professional services requirements referred to in the Procurement Strategy (Appendix 6) are detailed in Exempt Appendix 8. Existing Employers Agent costs were approved in March 2019 and are funded from the BMHT revenue budget.
- 7.3.2 The costs and funding sources in respect of the future professional services requirement will be detailed in a report(s) seeking further approval in line with recommendations 2.4 and 2.6 above.

## **7.4 Procurement Implications (if required)**

- 7.4.1 The procurement strategy for the professional services to support the Druids Heath project is detailed in Appendix 6.

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

- 7.5.1 Officers from Planning, Development, Transport and Connectivity, City Housing, City Operations, Housing Development, Procurement, Education and Youth Services, Leisure Services, Legal and Finance will need to commit the time of officers throughout the project.
- 7.5.2 This will include a resource commitment from City Housing, City Operations, Education and Skills, and City Management to review the provision of assets and services within the area boundary and align them with the Masterplan.

## **7.6 Public Sector Equality Duty**

- 7.6.1 The initial Equalities Assessment reveals that there is no requirement for a Level 2 equality assessment because although the regeneration of Druids Heath 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 7.

## **8 Appendices**

Appendix 1 – Druids Heath Location Plan

Appendix 2 – Project Initiation Document

Appendix 3 - Development Brief

Appendix 4 – Consultation

Appendix 5 – Risk Register

Appendix 6 – Procurement Strategy

Appendix 7 - Equality Impact Assessment

Exempt Appendix 8

## **9 Background Documents**

Cabinet Report Druids Heath Regeneration 9<sup>th</sup> October 2018