

BIRMINGHAM CITY COUNCIL

CABINET MEMBER AND CHIEF OFFICER

TUESDAY, 01 MARCH 2022 AT 00:00 HOURS
IN CABINET MEMBERS OFFICE, COUNCIL HOUSE, VICTORIA
SQUARE, BIRMINGHAM, B1 1BB

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- | | |
|-----------------------|---|
| <u>3 - 16</u> | <p>1 <u>SALE OF SITE AT CORNER OF CRANBY STREET AND CRAWFORD STREET, ALUM ROCK, BIRMINGHAM B8 1JL</u></p> <p>Report of
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Director of Council Management – Rebecca Hellard
City Solicitor and Monitoring Officer – Satinder Sahota</p> |
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Subject: **Sale of Site at Corner of Cranby Street and Crawford Street, Alum Rock, Birmingham B8 1JL**

Report of: Strategic Director of Place, Prosperity and Sustainability – Paul Kitson
Director of Council Management – Rebecca Hellard
City Solicitor and Monitoring Officer – Satinder Sahota

Relevant O & S Chairs: Councillor Mohammed Aikhlaq – Resources
Councillor Saima Suleman – Economy & Skills

Report author: Warren Bird
Strategic Investment Property Manager - Property Services
Contact: 07980 672 893 / warren.bird@birmingham.gov.uk

Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Alum Rock		
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
Exempt information Schedule 12A of the Local Government Act 1972 (as amended) Paragraph 3. Information relating to the financial or business affairs of any particular person (including the council) Exempt Appendices 2, 3 and 4 contain sensitive commercial information on the purchase price and valuation.		

1 Executive Summary

- 1.1 This report seeks authority for the sale of the Council owned premises at the Corner of Cranby Street and Crawford Street, Alum Rock, Birmingham B8 1JL to the current tenant.
- 1.2 The subject site has a site area of approximately 1,312 sqm and is shown edged bold on the attached plan at Appendix 1.
- 1.3 The report seeks authority under the delegated authority in Section E3.2 (xi) of Part E of the Constitution, for the approval of acquisitions and disposals from the Investment Property Portfolio to the Leader and Cabinet Member for Finance and Resources, jointly with Director – Inclusive Growth, City Finance Officer and the City Solicitor (or their delegates) up to a limit of £25m in any one transaction.
- 1.4 The recommendations contained in this and the Exempt Appendix 2 & 3 are fully in line with the Council's wider ambitions and plans for inclusive growth and financial stability. The recommendations are in accordance with the Birmingham City Council Plan and Budget 2018-2022 and the Property Strategy.
- 1.5 Options for this land have been fully considered and the sale of the site provides the best outcomes for the city as detailed in the Exempt Appendix 2.

2 Recommendations:

- 2.1 Authorise the Assistant Director of Property to conclude an unconditional sale of the premises at the corner of Cranby Street and Crawford Street, Alum Rock, Birmingham B8 1JL as shown edged bold on attached plan at Appendix 1 and extending to 1,312 sqm.
- 2.2 Note that the purchaser will pay a contribution towards the Council's surveyor's and legal costs, as detailed in Exempt Appendix 2.
- 2.3 Note that to demonstrate their commitment, the purchaser has agreed to provide a deposit payment of 10% of the purchase price as detailed in Exempt Appendix 2 (which would be deductible in the event of sale completion).
- 2.4 Authorise the City Solicitor to prepare, negotiate, execute and complete all relevant legal documentation to give effect to the above

3 Background

- 3.1 The subject land is currently held within the Council's Investment Portfolio and located within an area of similar commercial uses close to the city centre. The property is owned freehold by the City Council currently held under a lease for 20 years from 25th December 2005 to the intended purchaser.
- 3.2 The property has a current gross rental income of £0.0205m per annum.
- 3.3 Following a comprehensive review of the Council's Investment Portfolio supported by appointed advisors Avison Young in 2020, the Council's interest in this property has been identified for potential sale.
- 3.4 In accordance with agreed process, Avison Young (on behalf of the City Council) have offered and negotiated terms with the current lessee for the sale of the Council's freehold interest in the property.

- 3.5 The outcome of the negotiations and recommendations for sale are detailed in Exempt Appendix 2.
- 3.6 Under the terms of an unconditional sale the purchaser will be required to proceed to an exchange of contracts within ten days of receipt of appropriate legal documentation with completion set for 10 working days thereafter.
- 3.7 The proposed sale represents best consideration and has been validated as such by the Assistant Director of Property based upon an analysis of the financial terms of the recommended sale, consideration the Council's Property Strategy, and wider aspirations and ambitions for the City
- 3.8 The City Council Financial Plan 2020-2024 and Financial Plan 2021-2025 approved in February 2021 approved the flexible use of capital receipts to support the transformation programme and it is proposed that the receipts for this disposal be allocated to support this programme

4 Options Considered and Recommended Proposal

- 4.1 **Option 1 - Do Nothing** The Council is under no obligation to proceed with the proposal and would suffer no reputational consequences if it did not proceed. It would not, however, be in line with the aims of the Property Strategy or the external advice obtained to support delivery of the Strategy. The negotiated capital receipt would not be realised at this time, and therefore would not be made available to help fund the City Council's transformation programme and there would be no guarantee of a future opportunity. The property is not allocated, nor does it have planning consent for an alternative use and is therefore not an immediate development opportunity. The property does not have an obvious alternative use which would benefit the Council.
- 4.2 **Option 2 – Dispose of the Property to Council Wholly Owned Company (WOC)** The property is not deemed to be of a strategic value to the Council or a significant development opportunity such that it would wish to retain overall control of the asset through transfer into a WOC. In addition, there is limited income from the property to support and fund a sale of this nature.
- 4.3 **Option 3 – Proceed with Agreed Transaction** It is recommended to proceed with the transaction outlined in this report, in line with the aims of the Property Strategy and the external advice obtained to support delivery of the Strategy, in order to deliver a capital receipt to fund the Council's transformation programme and remove the Council management obligation and risk. The sale to the lessee will give the tenant the ability to invest in the asset and secure a local business with the possibility of job protection and possible creation.

5. Consultation

- 5.1 The Property Investment Board comprising officers from Property Services, Finance and Legal recommends proceeding with the transaction.
- 5.2 No further external consultation is necessary for this commercial transaction.
- 5.3 As this is a directly negotiated sale, as part of an agreed sales programme, no consultation with ward members is necessary.

6. Risk Management

- 6.1 There are no immediate risks to the Council's holding if the transaction does not complete since its interests are protected under the terms of the existing lease. The 'risk' of not proceeding could only be seen in terms of a lost opportunity to generate a potential capital receipt.
- 6.2 The 'risk' of not proceeding could only be seen in terms of a lost opportunity to generate a capital receipt for potential reinvestment via a sale of the Council's interest in the property.

7. Compliance Issues:

- 7.1.1 The proposed sale transaction and generation of a capital receipt supports the Financial Plan 2021-2025 by generating resources and thus helping to achieve a balanced budget.
- 7.1.2 It is consistent with Birmingham City Council Plan and Budget 2018-2022 (2019 update) priorities as the additional income helps the Council to meet the aspirations to be an entrepreneurial city to learn, work and invest in – an aspirational city to grow up in, a fulfilling city to age well in, a great city to live in, a city where residents gain the most from hosting the Commonwealth Games and a city that takes a leading role in tackling climate change.
- 7.1.3 It supports the aims set out in the Birmingham Property Strategy 2018-2023.

7.2 Legal Implications

- 7.2.1 Sections 120 - 123 of the Local Government Act 1972 authorises the Council to acquire, appropriate and dispose of land. The disposal power in Section 123 of the Local Government Act 1972 is subject to the best consideration test. The Assistant Director of Property has confirmed that the recommended sale, as detailed in Exempt Appendix 2 represents best consideration and satisfies the Council's obligations, under Section 123 of the Local Government Act 1972.
- 7.2.2 Section 1 of the Localism Act 2011 contains the Council's general power of competence, which is circumscribed only to the extent of any applicable pre-commencement restrictions and any specific post-commencement statutory restriction of the power, and Section 111 of the Local Government Act 1972 contains the Council's ancillary financial and expenditure powers in relation to the discharge of its functions including the disposal and acquisition of property.
- 7.2.3 The Local Government Act 2003 and guidance issued under it authorises the Council's investment management functions
- 7.2.4 Exempt information: Schedule 12A of the Local Government Act 1972 (as amended) Paragraph 3. Information relating to the financial or business affairs of any particular person (including the Council). Exempt Appendices 2, 3 and 4 are considered to be in the public interest to keep confidential as they contain commercially sensitive information of a financial or business nature, which if disclosed to the public could be prejudicial to a named person, individual or company.
- 7.2.5 The Council's in-house Legal team will complete all legal matters associated with the transaction.

7.3 Financial Implications

- 7.3.1 The transaction will generate a capital receipt for the Council, as set out in Exempt Appendix 2. The capital receipt will be available to fund the City Council's transformation

programme in line with the Financial Plan 2020-2024 and the Financial Plan 2021-2025 approved in February 2021, providing resources to support delivery of a balanced budget.

- 7.3.2 The property is currently occupied under the terms of a short-term lease agreement and generates income of £0.0205m p.a. which will be lost to the City Council. This income forms part of the existing Property Services income budget and the loss of income will be mitigated on a one-off basis in 2021/22 from corporate resources and factored in on an ongoing basis with effect from 2022/23 as part of the City Council rolling Medium Term Financial Plan (MTFP) refresh.
- 7.3.3 As an occupied site, annual costs are limited to the cost of repair & maintenance/statutory works that the City Council is obligated to carry out and Council officer time incurred in managing the asset as part of the wider city centre portfolio of properties. City Council officer time is not specifically recorded or measured for this portfolio of properties. Should the property become vacant at any time, costs will significantly increase.
- 7.3.4 The purchaser will pay a contribution towards the City Council's professional costs related to the disposal as detailed in Exempt Appendix 2.
- 7.3.5 The purchase price is exclusive of VAT. However, as the City Council has not opted to tax the site, nor intends to do so prior to the disposal, VAT is not chargeable on the purchase price.

7.4 Human Resources Implications

- 7.4.1 Internal resources and external agents are used to evaluate and execute the transaction.

7.5 Public Sector Equality Duty

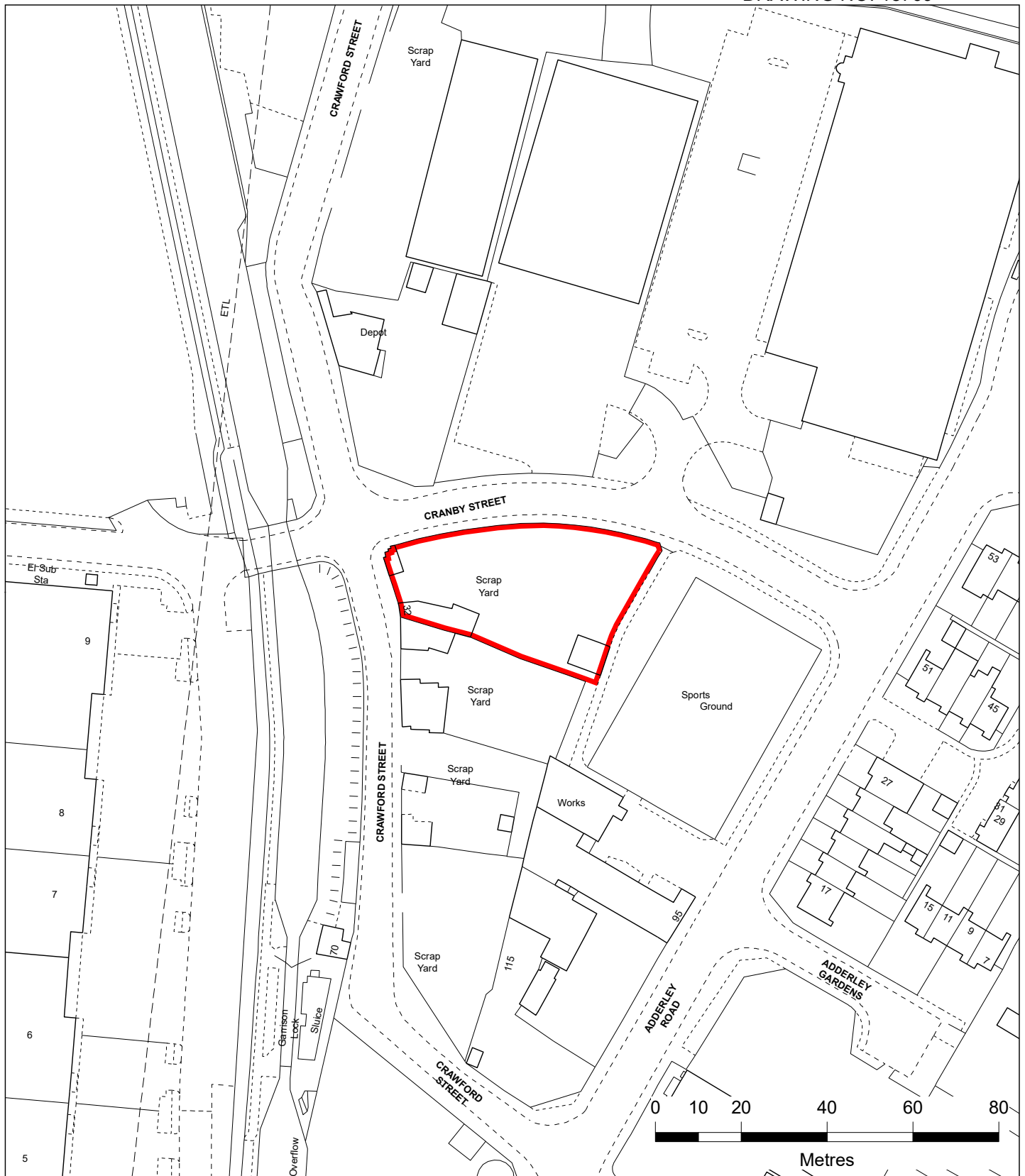
- 7.5.1 An Equality Assessment has been carried out EQUA832 Dated 18/1/2022 and is attached at Appendix 4. This identifies no adverse impacts on any groups protected under the Equality Act 2010.

8. Appendices

- 8.1 List of Appendices accompanying this report:
- Appendix 1 – Site Plan
 - Appendix 2 - (Exempt) – Recommendations
 - Appendix 3 - (Exempt) – Recommendation Report and Heads of Terms
 - Appendix 4 – Equality Assessment EQUA832

9 Background Documents

- Property Strategy (Approved by Full Cabinet – November 2018)
- Property Investment Strategy (Approved by Full Cabinet – July 2019)



AREA EDGED RED 1593 SQ. METRES APPROX. 1905 SQ. YARDS APPROX.



Birmingham
City Council

Kathryn James
Assistant Director Property
Inclusive Growth Directorate
10 Woodcock Street
Birmingham, B7 4BG

Yard At
Cranby Street/Crawford Street
Alum Rock



SCALE

1:1,250

DRAWN

MI

DATE

02/12/2021

Title of proposed EIA	Sale of Site at Corner of Cranby St and Crawford St, Alum Rock, Birmingham B8 1JL
Reference No	EQUA832
EA is in support of	New Function
Review Frequency	Annually
Date of first review	18/01/2023
Directorate	Inclusive Growth
Division	Property Services
Service Area	Investment Property Management
Responsible Officer(s)	<input type="checkbox"/> Felicia Saunders
Quality Control Officer(s)	<input type="checkbox"/> Eden Ottley
Accountable Officer(s)	<input type="checkbox"/> Eden Ottley
Purpose of proposal	To seek authority for the sale of the Council owned freehold land at Corner of Cranby St and Crawford St, Birmingham B8 1JL to the existing tenant
Data sources	Consultation Results; relevant reports/strategies; relevant research
Please include any other sources of data	
ASSESS THE IMPACT AGAINST THE PROTECTED CHARACTERISTICS	
Protected characteristic: Age	Service Users / Stakeholders; Wider Community; Not Applicable
Age details:	The sale of the site at Corner of Cranby St and Crawford St will not have a negative impact on the grounds of age due to the fact any sale will have to be to an individual of an adult age.
Protected characteristic: Disability	Service Users / Stakeholders; Wider Community; Not Applicable
Disability details:	The sale of the site at Corner of Cranby St and Crawford St, will not have a negative impact on the grounds of disability. However, subject to future use the purchaser/new owner would be responsible for any access to work

obligations.

Protected characteristic: Sex

Service Users / Stakeholders; Wider Community; Not Applicable

Gender details:

The sale of the site at Corner of Cranby St and Crawford St, has been a negotiation with the existing tenant and will not be conducted on the basis of gender.

Therefore, there are no negative impacts in relation to this protected characteristic.

Protected characteristics: Gender Reassignment

Service Users / Stakeholders; Wider Community; Not Applicable

Gender reassignment details:

The sale of the site at Corner of Cranby St and Crawford St, has been a negotiation with the existing tenant and will not be conducted on the basis of gender reassignment.

Therefore, there are no negative impacts in relation to this protected characteristic.

Protected characteristics: Marriage and Civil Partnership

Service Users/ Stakeholders; Wider Community; Not Applicable

Marriage and civil partnership details:

There are no known conditions for which this asset at Corner of Cranby St and Crawford St will be disposed of in the context of marital status. It has been conducted on a negotiation with the existing tenant.

Therefore there are no negative impacts or implications for this characteristic.

Protected characteristics: Pregnancy and Maternity

Service Users / Stakeholders; Wider Community; Not Applicable

Pregnancy and maternity details:

There are no criteria which prevent pregnant individuals wishing to purchase land at site at Corner of

purchase land at site at corner of Cranby St and Crawford St, as it has been a negotiation with the existing tenant.

By implication there will be no negative impact on the grounds pregnancy.

Protected characteristics: Race

Service Users / Stakeholders; Wider Community; Not Applicable

Race details:

The sale of the site at Corner of Cranby St and Crawford St, has been a negotiation with the existing tenant and will not be conducted on the basis of race.

Therefore, there are no negative impacts in relation to this protected characteristic.

Protected characteristics: Religion or Beliefs

Service Users / Stakeholders; Wider Community; Not Applicable

Religion or beliefs details:

The sale of the site at Corner of Cranby St and Crawford St has been a negotiation with the existing tenant and will not be conducted on the basis of religion.

Therefore, there are no negative impacts in relation to this protected characteristic.

Protected characteristics: Sexual Orientation

Service Users / Stakeholders; Wider Community; Not Applicable

Sexual orientation details:

The sale of the site at Corner of Cranby St and Crawford St, has been a negotiation with the existing tenant and will not be conducted on the basis of sexual orientation.

Therefore, there are no negative impacts in relation to this protected characteristic.

Socio-economic impacts

Please indicate any actions arising from completing this screening exercise.

Please indicate whether a full impact assessment is recommended NO

What data has been collected to facilitate the assessment of this policy/proposal?

Consultation analysis

Adverse impact on any people with protected characteristics.

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

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

What data is required in the future?

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

If yes, please explain your reasons for going ahead.

Initial equality impact assessment of your proposal

To authorise the sale of the site at Corner of Cranby St and Crawford St, Birmingham B8 1JL for an appropriate premium to the existing tenant.

The site is currently held within the Council's Commercial Portfolio and located within a locality of similar commercial uses close to the City Centre. The property is owned freehold by the City Council currently held under a lease to the intended purchaser.

The purchaser will pay a contribution towards the Council's surveyor's and legal costs.

The sale represents an appropriate consideration and has been validated by the Assistant Director of Property.

Consulted People or Groups

Informed People or Groups

Summary and evidence of findings from your EIA

The Property Investment Board comprising officers from Property Services, Finance and Legal recommends proceeding with the transaction.

As this is a directly negotiated sale, as part of an agreed sales programme, no

part of an agreed sales programme, no consultation with ward members is necessary.

The proposed sale transaction and generation of a capital receipt supports the Financial Plan 2021-2025 by generating resources and thus helping to achieve a balanced budget.

There are additional holding costs related to this asset for the cost of BCC officer time incurred in managing the estates as part of the wider city portfolio.

This site has been identified as an asset to consider disposing of by the City Council.

Members of the community have not been disadvantaged or denied access to participating in the sale process as it is to an existing tenant.

Having reviewed all protected characteristics, it has been determined there are no issues which impact negatively on any members of the community and therefore a full equality assessment is not required.

QUALITY CONTORL SECTION

Submit to the Quality Control Officer for reviewing?

Yes

Quality Control Officer comments

Decision by Quality Control Officer

Proceed for final approval

Submit draft to Accountable Officer?

Yes

Decision by Accountable Officer

Approve

Date approved / rejected by the Accountable Officer

18/01/2022

Reasons for approval or rejection

Please print and save a PDF copy for your records

Yes

Content Type: Item

Version: 20.0

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Last modified at 18/01/2022 10:14 AM by Workflow on behalf of ☐ Eden Ottley

Close

Birmingham City Council

Report to the Leader and the Cabinet Members for Finance and Resources and Homes and Neighbourhoods

1 March 2022



Subject: BMHT Abbeyfields Phase 4; Approval for the change of tenure from open market sale to social rent properties and revised Full Business Case

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

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

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

Report author: Terry Webb, Principal Housing Development Officer,
Place, Prosperity & Sustainability Directorate
Telephone No: 0121 464 1328
Email: terry.webb@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): Erdington		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference: N/A		
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, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential:		

1 Executive Summary

- 1.1 The report seeks to obtain approval for the revised Full Business Case (FBC) and change of tenure for nineteen new build homes from open market sale properties to social rent properties on the site known as Abbeyfields Phase 4, Erdington.

2 Recommendations

That the Leader, and the Cabinet Members for Homes and Neighbourhoods and Finance and Resources:

- 2.1 Approves the reduction in the total number of new build homes constructed from 21 to 19.
- 2.2 Approves the change of tenure for nineteen new build homes from open market sale to social rent.
- 2.3 Approves the revised FBC for this scheme attached as Appendix A.
- 2.4 Authorises the Director of Planning, Transport & Sustainability and the 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.

3 Background

- 3.1 The development known as Abbeyfields Phase 4 is the final phase of new homes delivered under the Lyndhurst Regeneration programme with the original tenure being open market sale properties to be delivered under the Birmingham Municipal Housing Trust (BMHT) Forward Homes programme.
- 3.2 The scheme including the FBC and award of contract was approved by Cabinet on 10 November 2020, in a report entitled, Driving Housing Growth – Building New Homes on the Abbeyfields and Birchfield Estates, which, pursuant to 2.5 of the report, included an authority to change the tenure of the homes if the sale option became unviable.
- 3.3 The 10 November 2020 Cabinet report approved a scheme for 21 homes; 2 homes for social rent and 19 homes for outright sale. However, during the construction phase, it became clear that the location of the 2 homes for social rent were unviable due a number of significant constraints, such as service diversions, (gas / electric / sewage), and also highways related access issues. This will result in the loss of the two homes for social rent.
- 3.4 The margin for financial viability for the 19 outright sale units in the original 2020 FBC was nominal. Current construction industry prices now indicate that the indicative cost to complete the works would present a significant risk to the Housing

Revenue Account (HRA) which funds this scheme. Any scheme of open market sale properties cannot make a loss and the HRA cannot subsidise private developments.

- 3.5 During the last twelve months, materials, transport and labour costs in the construction industry have risen considerably more than anticipated, impacting on the approved contract price for the development.
- 3.6 The increase in costs and uncertainty within the open market for new homes has impacted on the financial viability of these final 19 sale properties, to the point where it is uncertain if all development costs for the scheme would be recovered by the overall sales prices of the properties.
- 3.7 Changing the tenure of the 19 homes from outright sale to social rent is considered more financially viable and provides a saving as detailed at 7.3.1 below.
- 3.8 The Lyndhurst regeneration programme had scheduled 148 social rent properties (55%) and 120 open market sale (45%). The proposed change of tenure for these 19 properties will result in an overall 62% for social rent properties and 38% for open market sale properties.
- 3.9 The change in tenure will not have a detrimental impact on the overall scheme and removes the financial risk to the HRA of subsidising an open market sale scheme whilst at the same time providing urgently needed social rent homes.
- 3.10 The development at Abbeyfields Phase 4 is already under construction and is expected to be completed in September 2022. A red line plan of the site is at Appendix B.

4 Options considered and Recommended Proposal

- 4.1 To progress the site as outlined in this report to remove any financial or legal risk to the HRA and deliver nineteen urgently need family homes for social rent. This is the recommended proposal.
- 4.2 Not to change the tenure of the nineteen properties and continue at risk with open market sales properties. This exposes the HRA to financial risk of having to subsidise open market sale properties and subsequent legal issues surrounding the governance of HRA funds.

5 Consultation

- 5.1 N/A.

6 Risk Management

- 6.1 The details were included in the Driving Housing Growth – Building New Homes on the Abbeyfields and Birchfield Estates, report to Cabinet on 10 November 2020 and the same continues to apply.

7 Compliance Issues:

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

7.1.1 The recommended decisions contribute 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 homes 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 be more affordable 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.

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 1 of the Localism Act 2011 contains the Council's general power of competence.
- 7.2.3. Section 111 of the Local Government Act contains the Council's subsidiary financial powers in relation to the discharge of its functions.

7.3. Financial Implications

- 7.3.1. The estimated original scheme cost was £4.7m, with estimated sales income of £4.2m. The estimated revised scheme cost is £4.2m, a saving of £0.5m compared to the original scheme, which is largely due to the reduction in the number of units being built. There is no sales income with the revised scheme as the properties will be included in the HRA as social rent units.
- 7.3.2. The revised scheme will be funded from HRA revenue contributions and Right to Buy 1-4-1 receipts. The cost of development is included in the

HRA Business Plan 2022+ and the revised FBC is attached as Appendix 1.

- 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 2020/21.
- 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.

7.4. Procurement Implications (if required)

- 7.4.1. There are no procurement implications with the recommendations in this report.

7.5. Human Resources Implications (if required)

- 7.5.1. N/A.

7.6. Public Sector Equality Duty

- 7.6.1. The details were included in the report 'Driving Housing Growth – Building New Homes on the Abbeyfields and Birchfield Estates' dated 10th November 2020 and the same continues to apply.

8. Appendices

- 8.2. Appendix A – Full Business Case
- 8.3. Appendix B – Red line site plan

9. Background Documents

Report to Cabinet, Driving Housing Growth – Building New Homes on the Abbeyfields and Birchfield Estates, 10 November 2020.

APPENDIX A: Abbeyfields phase 4 – change of tenure from open market sale properties to social rent properties.

FULL BUSINESS CASE (FBC)			
A. GENERAL INFORMATION			
A1. General			
Project Title <i>(as per Voyager)</i>	Abbeyfields phase 4 – change of tenure from open market sale properties to social rent properties		
Voyager code	CA-02336-79 (Abbeyfields)		
Portfolio /Committee	Homes and Neighbourhoods	Directorate	Place, Prosperity & Sustainability
Approved by Project Sponsor	Paul Kitson	Approved by Finance Business Partner	Andrew Healey
A2. Outline Business Case approval <i>(Date and approving body)</i>			
The Full Business Case (and award of contract) for Abbeyfields Phase 4 was approved by Cabinet on 10 November 2020, in a report entitled, Driving Housing Growth – Building New Homes on the Abbeyfields and Birchfield Estates.			
A3. Project Description			
<p>The Abbeyfields Phase 4 scheme was originally for 2 social rent homes and 19 open market sale homes.</p> <p>During the construction of the site it proved impossible to deliver the two planned social units due to unacceptably high costs for diverting existing services which included an 1100-volt electricity cable, a sub station serving the immediate area, as well as gas, telephone, and sewage provisions.</p> <p>With the changes in the housing market, coupled with cost increases due to material price rises as a result of both Brexit and the impact of COVID on material manufacture and delivery, should the 19 homes remain as open market sale properties, the sale income would be less than the overall development costs. It is therefore necessary to change the tenure from open market sale to social rent properties.</p> <p>This change of tenure will provide 19 urgently need family homes to help address the demand for social housing in Birmingham.</p>			
A4. Scope			
<p>The Council will be undertaking the following;</p> <ul style="list-style-type: none"> • Construction of new housing • Highway and Infrastructure: management of the provision of new infrastructure for the new development 			
A5. Scope exclusions			
<ul style="list-style-type: none"> • Sale and marketing costs • Acquisition costs • Site assembly and clearance costs • Future management of social rent properties • Discharge of planning conditions 			
B. STRATEGIC CASE			
<i>This sets out the case for change and the project's fit to the Council Plan objectives</i>			

APPENDIX A: Abbeyfields phase 4 – change of tenure from open market sale properties to social rent properties.

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 homes 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 be more affordable 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

- 19 homes for social rent with associated parking and landscaping.
- Site area 1.14 Hectares / 2.82 Acres brought back into use.
- 6 x 2bedroom 4 person houses.
- 9 x 3bedroom 5 person houses.
- 4 x 4bedroom 6/7 person houses.

B3. Project Benefits

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

Measure	Impact
<i>List at least one measure associated with each of the objectives and outcomes in B1 above</i>	<i>What the estimated impact of the project will be on the measure identified – please quantify where practicable (e.g. for economic and transportation benefits)</i>
Construction of 19 new homes	Relieve some pressure on the temporary accommodation and housing waiting list and providing employment / training opportunities through the build contract.
Land brought back into use following clearance	Provision of affordable housing and improvement of HRA funding stream through rents generated
More homes built towards achieving housing growth targets	Tenants will enjoy high quality life through provision of new housing

For major projects and programmes over £20m:

N/A

B4. Benefits Realisation Plan

Set out here how you will ensure the planned benefits will be delivered

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 management who will monitor expenditure and outturns monthly via site project meetings. Progress will be regularly reported to the BMHT Project Board as required.

B5. Stakeholders

APPENDIX A: Abbeyfields phase 4 – change of tenure from open market sale properties to social rent properties.

C. ECONOMIC CASE AND OPTIONS APPRAISAL

This sets out the options that have been considered to determine the best value for money in achieving the Council's priorities

C1. Summary of options reviewed at Outline Business Case

(including reasons for the preferred option which has been developed to FBC)

If options have been further developed since the OBC, provide the updated Price quality matrix and recommended option with reasons.

The Full Business Case (and award of contract) for Abbeyfields Phase 4 was approved by Cabinet on 10 November 2020, in a report entitled, Driving Housing Growth – Building New Homes on the Abbeyfields and Birchfield Estates.

C2. Evaluation of key risks and issues

The full risks and issues register is included at the end of this FBC

The details were included in the Driving Housing Growth – Building New Homes on the Abbeyfields and Birchfield Estates, report to Cabinet on 10 November 2020 and the same continues to apply

C3. Other impacts of the preferred option

Describe other significant impacts, both positive and negative

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.

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 Full Business Case and award of contract for Abbeyfields Phase 4 was approved by Cabinet on 10 November 2020, in a report entitled, Driving Housing Growth – Building New Homes on the Abbeyfields and Birchfield Estates.

D3. Staffing and TUPE implications:

N/A

APPENDIX A: Abbeyfields phase 4 – change of tenure from open market sale properties to social rent properties.

Key Inputs			
Construction		Running Costs, etc.	
Total Development costs (Capital and Revenue)	£4.23m	Weekly rent	2 bed £112.68, 3 bed £132.88, 4 bed £158.57
Total Sales Income/Grant	£0.00m	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	£(0.71)m	Annual Cost Increase	2.5% (CPI 2.0%)

HRA Extract	2020/21	2021/22	2022/23	2023/24	2024/25	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
	£m	£m	£m	£m	£m	£m
Rental Income	0.00	0.00	(0.03)	(0.14)	(0.14)	(5.97)
Voids and arrears	0.00	0.00	0.00	0.00	0.00	0.12
Repairs and Maintenance	0.00	0.00	0.00	0.02	0.02	0.77
Management Costs	0.00	0.00	0.00	0.02	0.02	0.80
Cash-backed Depreciation	0.00	0.00	0.02	0.02	0.02	0.81
HRA Deficit / (Surplus) Contribution	0.00	0.00	(0.01)	(0.08)	(0.08)	(3.47)
Revenue contributions from wider HRA (to fund capital investment shown below)	(0.04)	(1.96)	(0.76)	0.00	0.00	(2.76)
Net HRA Impact	0.04	1.96	0.75	(0.08)	(0.08)	(0.71)

Capital Account	2020/21	2021/22	2022/23	2023/24	2024/25	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
	£m	£m	£m	£m	£m	£m
Pre-Contract Costs	0.05	0.00	0.00	0.00	0.00	0.05
Build Costs (including Fees)	0.00	3.27	0.37	0.00	0.00	3.64
POS & Infrastructure Costs (including Commuted Sum)	0.00	0.00	0.54	0.00	0.00	0.54
Total Development Costs	0.05	3.27	0.91	0.00	0.00	4.23
Capital Investment /	0.00	0.00	0.00	0.00	0.00	0.81

APPENDIX A: Abbeyfields phase 4 – change of tenure from open market sale properties to social rent properties.

Renewals ¹						
Other Capital Financing (RTB 1-4-1 Receipts)	(0.02)	(1.31)	(0.15)	0.00	0.00	(1.47)
Revenue Contributions from wider HRA	(0.04)	(1.96)	(0.76)	0.00	0.00	(2.76)
Receipts/Grant	0.00	0.00	0.00	0.00	0.00	0.00
Cyclical Maintenance Reserve Release	0.00	0.00	0.00	0.00	0.00	(0.81)
Total Capital Income	(0.05)	(3.27)	(0.91)	0.00	0.00	(4.23)
Capital Account (Surplus) / Deficit	0.00	0.00	0.00	0.00	0.00	0.00

Balance Sheet Extract	2020/21	2021/22	2022/23	2023/24	2024/25	2050/51
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 30
	£m	£m	£m	£m	£m	£m
Land & Buildings	0.00	0.00	4.91	5.03	5.15	9.80
Cyclical Investment Reserve	0.00	0.00	0.02	0.04	0.06	0.18
Capital Reserve	0.00	0.00	(4.93)	(5.07)	(5.21)	(9.98)
Net	0.00	0.00	0.00	0.00	0.00	0.00

Properties	2020/21	2021/22	2022/23	2023/24	2024/25	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
HRA Social Rent Properties	0	0	19	0	0	19
Sale Properties	0	0	0	0	0	0
Total Properties	0	0	19	0	0	19

Formal approval to the ongoing capital investment / renewals programme (at a total value of £0.81 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.

APPENDIX A: Abbeyfields phase 4 – change of tenure from open market sale properties to social rent properties.

E2. Evaluation and comment on financial implications:
E3. Approach to optimism bias and provision of contingency
<p>There are no contingencies identified within the project, however, we would recommend the use of the savings within the original Order of Cost estimate to mitigate against unexpected cost increases such as the impact of Brexit, Covid-19 and noted price rises for materials and labour in the construction industry.</p>
E4. Taxation
<i>Describe any tax implications and how they will be managed, including VAT</i>
<p>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</p> <p>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.</p>

F. PROJECT MANAGEMENT CASE	
<i>This considers how project delivery plans are robust and realistic</i>	
F1. Key Project Milestones	Planned Delivery Dates
<i>The summary Project Plan and milestones is attached at G1 below</i>	
Contract awarded	Jan 2021
Started on site	Apr 2021
Site completion	Sept 2022
12 months defects	Sept 2023
F2. Achievability	
<i>Describe how the project can be delivered given the organisational skills and capacity available</i>	
<p>Birmingham City Council is an award-winning developer of mixed-use residential developments through Birmingham Municipal Housing Trust (BMHT).</p> <p>BMHT was set up by the Council in 2009 to build new council homes. Since 2009, BMHT has developed over 3600 new homes for rent and sale. BMHT has a proven track record on delivery and established itself as the biggest housing developer in Birmingham by completing 25% out of all of the new homes built in the City since 2011.</p>	
F3. Dependencies on other projects or activities	
N/A	
F4. Officer support	

APPENDIX A: Abbeyfields phase 4 – change of tenure from open market sale properties to social rent properties.

Project Manager: Terry Webb

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 Council officers. Overall Management / monitoring shall be via the Housing Project Board attended by:

Paul Kitson – Strategic Director, Place, Prosperity & Sustainability

Andrew Healey – Finance Business Partner, Neighbourhoods

A representative of Housing Development – To be advised

G1. PROJECT PLAN

Detailed Project Plan supporting the key milestones in section F1 above

See F1

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

N/A		Risk after mitigation:	
Risk or issue	mitigation	Severity	Likelihood
1.			
2.			
3.			
4.			
5.			
6.			

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

APPENDIX A: Abbeyfields phase 4 – change of tenure from open market sale properties to social rent properties.

G4. STAKEHOLDER ANALYSIS

Stakeholder	Role and significance	How stakeholder relationships will be managed
Ward members	Active lead ward representative, interest of constituents/ Council - High	In house through dialogue and engagement / consultation
Local community	Residents - High	On-going resident consultation and engagement to review progress
Planning Officer	Consultant/ advisory - High	Regular design team meetings to review progress
Contractor	Delivery/Operational -High	Monthly site meetings throughout the scheme
Architect	Consultant/advisory/Designer - High	Periodic meetings, formal professional relationship
Engineers	Consultant/Advisory -High	Periodic meetings, formal professional relationship

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)

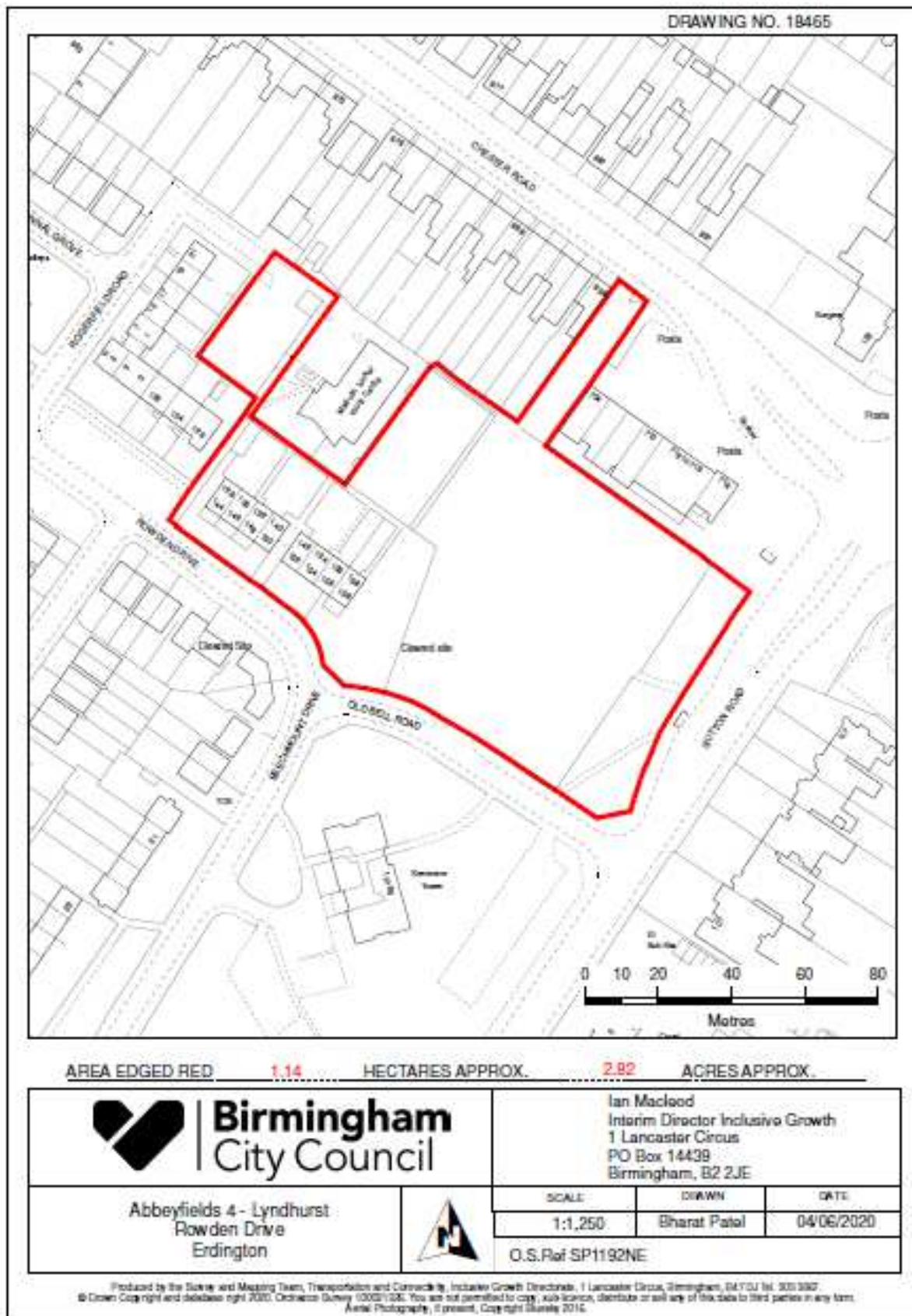
Measure	Annual value	Start date	Impact
<i>List at least one measure associated with each of the outcomes in B1 above</i>			<i>What the estimated impact of the project will be on the measure identified</i>
(a) Monetised benefits:	£		
(b) Other quantified benefits:			
(c) Non-quantified benefits:			

Other Attachments

provide as appropriate

• None	
•	

Appendix B – Red line site plan of Abbeyfields Phase 4



Birmingham City Council

Report to the Leader and the Cabinet Members for Finance and Resources and Homes and Neighbourhoods

1 March 2022



Subject: Full Business Case approval for the development of housing at Lowden Croft

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

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

O&S chair Councillor Carl Rice, Co-Ordinating O&S Committee
Councillor Mohammed Aikhlaq, Resources

Report author: Sarah Edmead Principal Housing Development Officer,
Place, Prosperity & Sustainability Directorate
Tel: 07548713684
Email Address: 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): South Yardley		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference: N/A		
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 delegated approval (pursuant to Birmingham Municipal Housing Trust Delivery Plan 2019-2029 report to Cabinet on 14 May 2019) of the Full Business Case (FBC) for the construction of 3 new homes at Lowden Croft, South Yardley Ward through the Birmingham Municipal Housing Trust (BMHT).

2 Recommendations

That the Leader and the Cabinet Members for Finance and Resources and Homes and Neighbourhoods:

- 2.1 Approves the FBC for the Lowden Croft scheme as set out in Appendix A, for the construction of 3 new homes at a cost of up to £0.58m.
- 2.2 Notes that the FBC delegation is pursuant to paragraph 2.2 of the approved BMHT Delivery Plan 2019-2029 report to Cabinet on 14 May 2019.

3 Background

- 3.1 The relevant background and chronology of key events was explained in the Birmingham Municipal Housing Trust (BMHT) Delivery Plan 2019-2029 report to Cabinet on 14 May 2019, which included the provision or substitution of affordable new homes within Appendix 12.
- 3.2 The Lowden Croft site is a former garage site and planning approval for 3 social rented homes was obtained at Planning Committee on 4th March 2021, Planning application reference: 2020/09282/PA. Please see Appendix B – Site Layout Plan.
- 3.3 The site comprises the following:

House Type	No. of units
2 Bedroom / 4 Person House	3

4 Options considered and Recommended Proposal

- 4.1 Cabinet approved the development of the Lowden Croft schemes through BMHT as part of the Birmingham Municipal Housing Trust Delivery Plan 2019-2029 report to Cabinet on 14th May 2019 under Additional New Build – Appendix 12 Options Appraisal and the same continues to apply.

5 Consultation

- 5.1 Please see appendix C, Consultation Plan.

6 Risk Management

- 6.1 Please see appendix D, 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 recommended decisions contribute 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 homes 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 be more affordable 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.

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 1 of the Localism Act 2011 contains the Council's general power of competence.
- 7.2.3 Section 111 of the Local Government Act contains the Council's subsidiary financial powers in relation to the discharge of its functions.

7.3 Financial Implications

- 7.3.1 The total estimated cost of the proposed development is £0.58m to be completed in 2022/23. The scheme will be funded from HRA revenue contributions and 1-4-1 Right to Buy receipts. The cost of development is included in the proposed HRA Business Plan 2022+.
- 7.3.2 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 2020/21.
- 7.3.3 The future running costs of the properties and areas of public realm retained will be met from ongoing rental income.

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 the Right to Buy. BCC can reclaim VAT incurred on the development and management of HRA homes, including sales under the Right to Buy. Therefore, VAT should not be a cost to the project.

7.4 Procurement Implications (if required)

7.4.1 The award of the contract for the development of the housing is subject to the approval of this FBC and will be approved under a separate authority report.

7.4.2 The value of the scheme falls below the Birmingham Business Charter for social responsibility threshold for works and the requirement to pay the Real Living Wage will apply.

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 scheme's Employers Agent, Capita.

7.6 Public Sector Equality Duty

7.6.1 Details were included in the Birmingham Municipal Housing Trust Delivery Plan 2019-2029 report to Cabinet on 14 May 2019 and the same continues to apply.

8 Appendices

8.1 Appendix A – Full Business Case Lowden Croft

8.2 Appendix B – Site Layout Plan Lowden Croft

8.3 Appendix C – Consultation Plan

8.4 Appendix D – Risk Register

9 Background Documents

9.1 Birmingham Municipal Housing Trust Delivery Plan 2019-2029 report to Cabinet on 14 May 2019.

FULL BUSINESS CASE (FBC)

A. GENERAL INFORMATION

A1. General

Project Title <i>(as per Voyager)</i>	LOWDEN CROFT		
Voyager code	CA-02970-25		
Portfolio /Committee	Leaders (Housing Development)	Directorate	Place, Prosperity & Sustainability
Approved by Project Sponsor	Paul Kitson	Approved by Finance Business Partner	Andrew Healey

A2. Outline Business Case approval *(Date and approving body)*

Appendix – Options Appraisal, of the Birmingham Municipal Housing Trust (BMHT) Delivery Plan 2019-2029 report to Cabinet on 14 May 2019.

A3. Project Description

The proposal sets out a programme for the development of 3 new homes through the Birmingham Municipal Housing Trust (BMHT), the Council's brand name for its new build housing development programme, through Lowden Croft.

Lowden Croft is in the Yardley area of the City, 4.5 miles east from Birmingham City Centre and has good links in and out of the City. Motorway links include the M6 junction 5 (8. miles from the site) and the M42 junction 7A, 5 miles from the site. The development of Lowden Croft will provide additional homes for social rent provided by BMHT with a housing mix of, 3 x 2 bed 4person house type on a generally flat site on an area of 0.10 hectares and approximately 0.25 acres.

The development aims to adopt principles of Lifetime Homes and inclusive design standards through the provision of being used safely and easily by as many people as possible without separate provision. This includes people with differing disabilities, elderly people, and parents/guardians of young children. The proposal to build 3 houses for social rent in this location will contribute to meeting the demand for affordable accommodation in the South Yardley Ward.

BMHT will develop the site and provide 3 new homes for social rent, together with associated infrastructure, parking, and landscaping.

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

A5. Scope exclusions

- Sale and marketing costs
- Acquisition costs
- Site assembly and clearance costs
- Future management of social rent properties
- Discharge of planning conditions

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 homes 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 be more affordable 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

- Three new dwellings with associated parking and landscaping
- Site area: 0.10 hectares / 0.25 acres brought into use
- 3 x 2-bedroom 4-person dwellings
- Provision of 200% car parking space
- This project will provide small / medium sized 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
<i>List at least one measure associated with each of the objectives and outcomes in B1 above</i>	<i>What the estimated impact of the project will be on the measure identified – please quantify where practicable (eg for economic and transportation benefits)</i>
Construction of 3 new homes	Relieve some pressure on the temporary accommodation and housing waiting list and providing employment / training opportunities through the build contract.
Land brought back into use following clearance of garages	Provision of affordable housing and improvement of HRA funding stream through rents generated
More homes built towards achieving housing growth targets	Tenants will enjoy high quality life through provision of new housing

For major projects and programmes over £20m:

N/A

B4. Benefits Realisation Plan

Set out here how you will ensure the planned benefits will be delivered

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 site project meetings. Progress

will be regularly reported to the BMHT Project Board.

B5. Stakeholders

See G4 below.

C. ECONOMIC CASE AND OPTIONS APPRAISAL

This sets out the options that have been considered to determine the best value for money in achieving the Council's priorities

C1. Summary of options reviewed at Outline Business Case

(including reasons for the preferred option which has been developed to FBC)

If options have been further developed since the OBC, provide the updated Price quality matrix and recommended option with reasons.

The Lowden Croft scheme was included in the BMHT Delivery Plan 2019-2029 report approved by Cabinet on 14 May 2019 under 'Additional New Build' – Appendix 12, and the preferred option was for BMHT to develop the site. The preferred option continues to apply.

C2. Evaluation of key risks and issues

The full risks and issues register is included at the end of this FBC

See risk register below.

C3. Other impacts of the preferred option

Describe other significant impacts, both positive and negative

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.

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 was to carry out a further competition exercise using the Council's Dynamic Purchasing System (DPS) for the Development of Housing on Small Sites approved by Cabinet on 28th June 2016.

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 (Capital and Revenue)	£0.58m	Weekly rent	2 bed £109.94
Total Sales Income/Grant	£0.00m	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	£(0.02)m	Annual Cost Increase	2.5% (CPI 2.0%)

HRA Extract	2020/21	2021/22	2022/23	2023/24	2024/25	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
	£m	£m	£m	£m	£m	£m
Rental Income	0.00	0.00	0.00	(0.02)	(0.02)	(0.79)
Voids and arrears	0.00	0.00	0.00	0.00	0.00	0.02
Repairs and Maintenance	0.00	0.00	0.00	0.00	0.00	0.12
Management Costs	0.00	0.00	0.00	0.00	0.00	0.13
Cash-backed Depreciation	0.00	0.00	0.00	0.00	0.00	0.13
HRA Deficit / (Surplus) Contribution	0.00	0.00	0.00	(0.02)	(0.02)	(0.39)
Revenue contributions from wider HRA (to fund capital investment shown below)	(0.01)	(0.12)	(0.24)	0.00	0.00	(0.37)
Net HRA Impact	0.01	0.12	0.24	(0.02)	(0.02)	(0.02)

Capital Account	2020/21	2021/22	2022/23	2023/24	2024/25	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
	£m	£m	£m	£m	£m	£m
Pre-contract Costs	0.02	0.01	0.00	0.00	0.00	0.03

APPENDIX A

Build Costs (including Fees)	0.00	0.10	0.40	0.00	0.00	0.50
POS & Infrastructure Costs (including Commuted Sum)	0.00	0.05	0.00	0.00	0.00	0.05
Total Development Costs	0.02	0.16	0.40	0.00	0.00	0.58
Capital Investment / Renewals ¹	0.00	0.00	0.00	0.00	0.00	0.13
Other Capital Financing (RTB 1-4-1 Receipts)	(0.01)	(0.04)	(0.16)	0.00	0.00	(0.21)
Revenue Contributions from wider HRA	(0.01)	(0.12)	(0.24)	0.00	0.00	(0.37)
Receipts/Grant	0.00	0.00	0.00	0.00	0.00	0.00
Cyclical Maintenance Reserve Release	0.00	0.00	0.00	0.00	0.00	(0.13)
Total Capital Income	(0.02)	(0.16)	(0.40)	0.00	0.00	(0.58)
Capital Account (Surplus) / Deficit	0.00	0.00	0.00	0.00	0.00	0.00

Balance Sheet Extract	2020/21	2021/22	2022/23	2023/24	2024/25	2050/51
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 30
	£m	£m	£m	£m	£m	£m
Land & Buildings	0.00	0.00	0.57	0.58	0.60	1.13
Cyclical Investment Reserve	0.00	0.00	0.00	0.01	0.01	0.03
Capital Reserve	0.00	0.00	(0.57)	(0.59)	(0.61)	(1.16)
Net	0.00	0.00	0.00	0.00	0.00	0.00

Properties	2020/21	2021/22	2022/23	2023/24	2024/25	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
HRA Social Rent Properties	0	0	3	0	0	3
Sale Properties	0	0	0	0	0	0
Total Properties	0	0	3	0	0	3

Formal approval to the ongoing capital investment / renewals programme (at a total value of £0.13 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.

E2. Evaluation and comment on financial implications:
E3. Approach to optimism bias and provision of contingency
There are no contingencies identified within the project, however, we would recommend the use of 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.
E4. Taxation
<i>Describe any tax implications and how they will be managed, including VAT</i>
There is no VAT associated with the build costs, however, there is a possibility that the sheds provided in rear gardens are subject to VAT and can be claimed by the developer. 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/BMHT will incur VAT on the acquisition and installation of such items within HRA dwellings. It is likely, therefore, that the construction of the 3 new dwellings is zero rated but some VAT may be incurred on other services/items that are not ordinarily incorporated in new 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.

F. PROJECT MANAGEMENT CASE

This considers how project delivery plans are robust and realistic

F1. Key Project Milestones	Planned Delivery Dates
<i>The summary Project Plan and milestones is attached at G1 below</i>	
Planning approval	04/03/2021
Contract award	28/02/2022
Start on site	31/03/2022
Practical completion	13/01/2023
Handover	13/01/2023
Date of Post Implementation Review	13/01/2023
Retention	13/01/2024
F2. Achievability	
<i>Describe how the project can be delivered given the organisational skills and capacity available</i>	
The Council is an award-winning developer of mixed-use residential developments through Birmingham Municipal Housing Trust (BMHT). BMHT was set up by the Council in 2009 to build new council homes. Since 2009, BMHT has developed over 3500 new homes for rent and sale. BMHT has a proven track record on delivery and established itself as the biggest housing developer in Birmingham by completing 25% out of all the 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, associated legal documents / agreements to be negotiated and signed, and completion of planning conditions.

F4. Officer support

Project Manager: Sarah Edmead / Emmanuel Igenoza

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 & 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: 31/03/2022
Duration build on site: minimum 40 weeks
Project completion: Jan 2023
Retentions: Jan 2024

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

		Risk after mitigation:	
Risk or issue	mitigation	Sever-ity	Like-lihood
1. Unforeseen construction risks due to ground conditions	Negotiate with contractor, , review with scheme EA to verify and challenge risk and cost	4	3
2. Delays due to availability of materials and labour causing delays in construction timetable as a result of Covid-19 / Brexit e.g. Labour force	Seek to transfer risk to contractor	5	4
3. Increasing material and labour costs – industry information shows all materials increasing in cost weekly above anticipated inflation rates	Seek to pass risk to contractor or minimise cost increases by advance purchasing by contractor	5	4

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, 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>
(a) Monetised benefits:	£		
(b) Other quantified benefits:			
(c) Non-quantified benefits:	n/a		

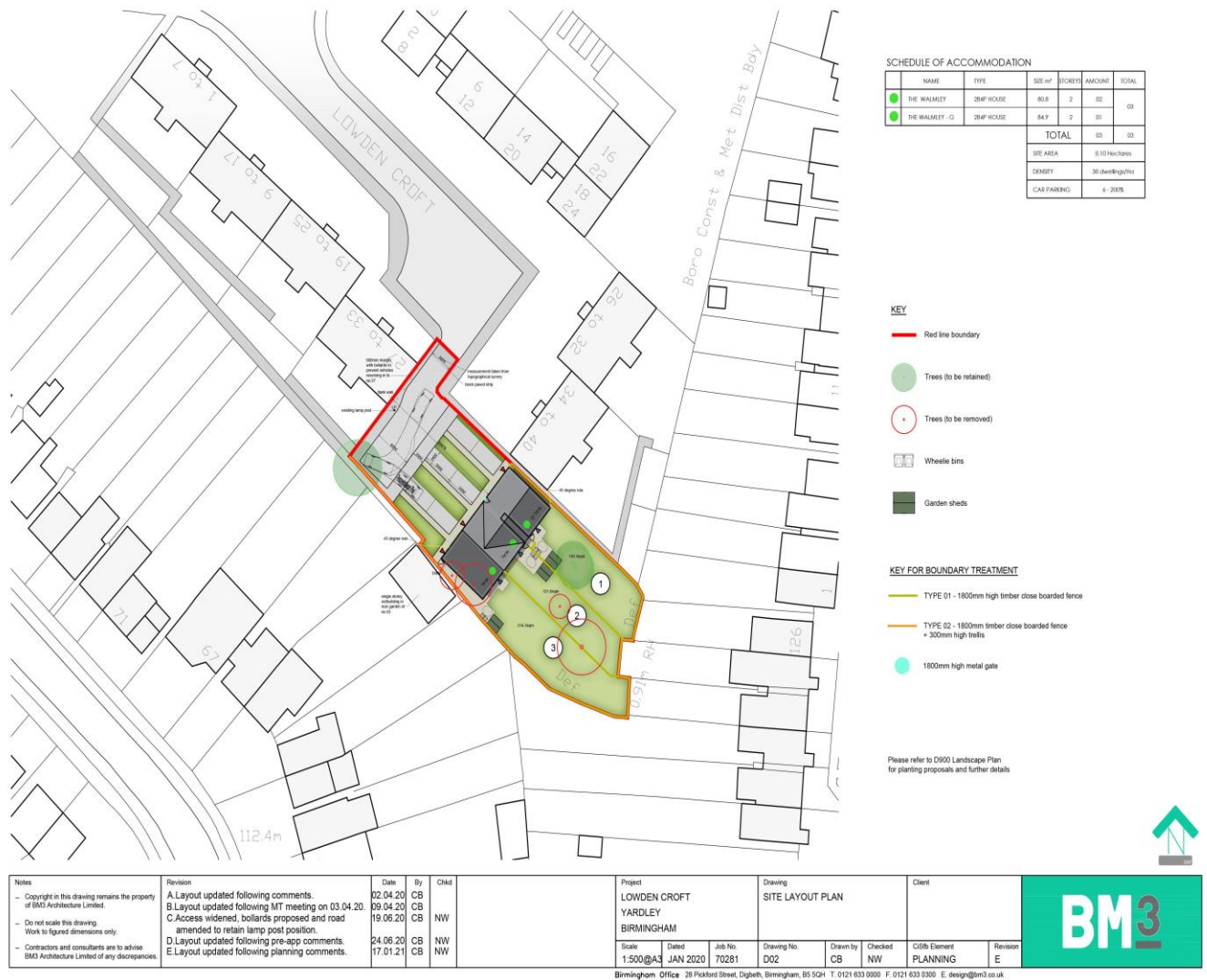
Other Attachments

provide as appropriate

- None

-

Appendix B – Site Layout Plan Lowden Croft



Appendix C – Consultation Plan

Site	Ward	Stakeholder	Activity & Response
Lowden Croft	South Yardley	Cllr Zaker Choudhry	<p>1 November 2021, planning approval and site plan sent via email.</p> <p>No response received</p> <p>10 December 2019: E-mail sent with scheme details and site plan.</p> <p>No response received.</p>

G2. SUMMARY OF RISKS AND ISSUES REGISTER			
<i>Grading of severity and likelihood: High – Significant – Medium - Low</i>			
		Risk after mitigation:	
Risk or issue	mitigation	Severity	Likelihood
1. Unforeseen construction risks due to ground conditions	Negotiate with contractor, review with scheme Employers Agent to verify and challenge risk and cost	4	3
2. Delays due to availability of materials and labour causing delays in construction timetable as a result of Covid-19 / Brexit	Seek to transfer risk to contractor	5	4
3. Increasing material and labour costs – industry information shows all materials increasing in cost weekly above anticipated inflation rates	Seek to pass risk to contractor or minimise cost increases by advance purchasing by contractor	5	4

Birmingham City Council

Report to the Leader and the Cabinet Members for Finance and Resources and Homes and Neighbourhoods

1 March 2022



Subject: Full Business Case approval for the development of housing at Clements Road

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

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

O&S chair Councillor Carl Rice, Co-Ordinating O&S Committee
Councillor Mohammed Aikhlaq, Resources

Report author: Emmanuel Igenozu, Principal Housing Development Officer, Place, Prosperity & Sustainability Directorate
Tel: 07516 031690
Email Address: emmanuel.igenozu@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): Yardley West & Stechford		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference: N/A		
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 delegated approval (pursuant to Birmingham Municipal Housing Trust Delivery Plan 2019-2029 report to Cabinet on 14 May 2019) of the Full Business Case (FBC) for the construction of 4 new homes at Clements Road,

Yardley West and Stechford Ward, through the Birmingham Municipal Housing Trust (BMHT).

2 Recommendations

That the Leader and the Cabinet Members for Finance and Resources and Homes and Neighbourhoods:

- 2.1 Approves the FBC for the Clements Road scheme as set out in Appendix A, for the construction of 4 new homes at a cost of up to £0.82m.
- 2.2 Notes that the FBC delegation is pursuant to paragraph 2.2 of the approved BMHT Delivery Plan 2019-2029 report to Cabinet on 14 May 2019.

3 Background

- 3.1 The relevant background and chronology of key events was explained in the Birmingham Municipal Housing Trust (BMHT) Delivery Plan 2019-2029 report to Cabinet on 14 May 2019, which included the provision or substitution of affordable new homes within Appendix 12.
- 3.2 The Clements Road site is a former garage site and planning approval for 4 social rented homes was obtained at Planning Committee on 04th March 2021, Planning application reference: 2020/07875/PA. Please see Appendix B – Site Layout Plan.
- 3.3 The site comprises the following:

House type	No. of units
3 Bedroom / 5 Person House	3
2 Bedroom / 4 Person House	1

4 Options considered and Recommended Proposal

- 4.1 Cabinet approved the development of the Clements Road scheme through BMHT as part of the Birmingham Municipal Housing Trust Delivery Plan 2019-2029 report to Cabinet on 14th May 2019 under Additional New Build – Appendix 12 Options Appraisal and the same continues to apply.

5 Consultation

- 5.1 Please see appendix C, Consultation Plan.

6 Risk Management

- 6.1 Please see appendix D, 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 recommended decisions contribute 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 homes 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 be more affordable 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.

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 1 of the Localism Act 2011 contains the Council's general power of competence.

7.2.3 Section 111 of the Local Government Act contains the Council's subsidiary financial powers in relation to the discharge of its functions.

7.3 Financial Implications

7.3.1 The total estimated cost of the proposed development is £0.82m to be completed in 2022/23. The scheme will be funded from HRA revenue contributions and 1-4-1 Right to Buy receipts. The cost of development is included in the proposed HRA Business Plan 2022+.

7.3.2 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 2020/21.

- 7.3.3 The future running costs of the properties and areas of public realm retained will be met from ongoing rental income.
- 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 the Right to Buy. The Council can reclaim VAT incurred on the development and management of HRA homes, including sales under the Right to Buy. Therefore, VAT should not be a cost to the project.

7.4 Procurement Implications (if required)

- 7.4.1 The award of the contract for the development of the housing is subject to the approval of this FBC and will be approved under a separate authority report.
- 7.4.2 The value of the scheme falls below the Birmingham Business Charter for social responsibility threshold for works and the requirement to pay the Real Living Wage will apply.

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 scheme's Employers Agent, Capita.

7.6 Public Sector Equality Duty

- 7.6.1 Details were included in the Birmingham Municipal Housing Trust Delivery Plan 2019-2029 report to Cabinet on 14 May 2019 and the same continues to apply.

8 Appendices

- 8.1 Appendix A – Full Business Case Clements Road
- 8.2 Appendix B – Site Layout Plan Clements Road
- 8.3 Appendix C – Consultation Plan
- 8.4 Appendix D – Risk Register

9 Background Documents

- 9.1 Birmingham Municipal Housing Trust Delivery Plan 2019-2029 report to Cabinet on 14 May 2019.

FULL BUSINESS CASE (FBC)

A. GENERAL INFORMATION

A1. General

Project Title <i>(as per Voyager)</i>	CLEMENTS ROAD		
Voyager code	CA-02970-22		
Portfolio /Committee	Leaders (Housing Development)	Directorate	Place, Prosperity & Sustainability
Approved by Project Sponsor	Paul Kitson	Approved by Finance Business Partner	Andrew Healey

A2. Outline Business Case approval *(Date and approving body)*

Appendix – Options Appraisal, of the Birmingham Municipal Housing Trust (BMHT) Delivery Plan 2019-2029 report to Cabinet on 14 May 2019.

A3. Project Description

The proposal sets out a programme for the development of 4 new homes through the Birmingham Municipal Housing Trust (BMHT), the Council's brand name for its new build housing development programme, through Clements Road

Clements Road is in the Yardley area of the City, off Blakesley Mews 4.5 miles east from Birmingham City Centre and has good links in and out of the City. Motorway links include the M6 junction 5 (4. miles from the site) and the M42 junction 7A, 7 miles from the site. The demolition of the unused garages and the development of housing on Clements Road will provide additional homes for social rent provided by BMHT with a housing mix of 1 x 2 bedroom 4 person house type, 3 x 3 bed 5 person house type on a relatively flat site on an area of 0.1 hectares and approximately 0.25 acres.

The development aims to adopt principles of Lifetime Homes and inclusive design standards through the provision of being used safely and easily by as many people as possible without separate provision. This includes people with differing disabilities, elderly people, and parents/guardians of young children. The proposal to build 4 houses for social rent in this location will contribute to meeting the demand for affordable accommodation in the Yardley West & Stechford Ward.

BMHT will develop the site and provide 4 new homes for social rent, together with associated infrastructure, parking, and landscaping.

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 development

A5. Scope exclusions

- Sale and marketing costs
- Acquisition costs

- Site assembly and clearance costs
- Future management of social rent properties
- Discharge of planning conditions

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 homes 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 be more affordable 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

- Four new dwellings with associated parking and landscaping
- Site area: 0.1 hectares / 0.25 acres brought into use
- 1 x 2-bedroom 4-person dwelling
- 3 x 3-bedroom 5-person dwellings
- Provision of 200% car parking space
- This project will provide small / medium sized 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
<i>List at least one measure associated with each of the objectives and outcomes in B1 above</i>	<i>What the estimated impact of the project will be on the measure identified – please quantify where practicable (eg for economic and transportation benefits)</i>
Construction of 4 new homes	Relieve some pressure on the temporary accommodation and housing waiting list and providing employment / training opportunities through the build contract.
Land brought back into use following clearance	Provision of affordable housing and improvement of HRA funding stream through rents generated
More homes built towards achieving housing growth targets	Tenants will enjoy high quality life through provision of new housing
<i>For major projects and programmes over £20m:</i>	
N/A	

B4. Benefits Realisation Plan

Set out here how you will ensure the planned benefits will be delivered

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 via monthly site project meetings. Progress will be regularly reported to the BMHT Project Board.

B5. Stakeholders

See G4 below.

C. ECONOMIC CASE AND OPTIONS APPRAISAL

This sets out the options that have been considered to determine the best value for money in achieving the Council's priorities

C1. Summary of options reviewed at Outline Business Case

(including reasons for the preferred option which has been developed to FBC)

If options have been further developed since the OBC, provide the updated Price quality matrix and recommended option with reasons.

The Clements Road scheme was included in the BMHT Delivery Plan 2019-2029 report approved by Cabinet on 14 May 2019 under 'Additional New Build' – Appendix 12, and the preferred option was for BMHT to develop the site. The preferred option continues to apply.

C2. Evaluation of key risks and issues

The full risks and issues register is included at the end of this FBC

See risk register below.

C3. Other impacts of the preferred option

Describe other significant impacts, both positive and negative

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.

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 was to carry out a further competition exercise using the Council's Dynamic Purchasing System (DPS) for the Development of Housing on Small Sites approved by Cabinet on 28th June 2016.

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 (Capital and Revenue)	£0.82m	Weekly rent	2 bed £109.94, 3 bed £127.39
Total Sales Income/Grant	£0.00m	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	£(0.14)m	Annual Cost Increase	2.5% (CPI 2.0%)

HRA Extract	2020/21	2021/22	2022/23	2023/24	2024/25	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
	£m	£m	£m	£m	£m	£m
Rental Income	0.00	0.00	(0.01)	(0.03)	(0.03)	(1.17)
Voids and arrears	0.00	0.00	0.00	0.00	0.00	0.02
Repairs and Maintenance	0.00	0.00	0.00	0.00	0.00	0.16
Management Costs	0.00	0.00	0.00	0.00	0.00	0.17
Cash-backed Depreciation	0.00	0.00	0.00	0.00	0.00	0.17
HRA Deficit / (Surplus) Contribution	0.00	0.00	(0.01)	(0.03)	(0.03)	(0.65)
Revenue contributions from wider HRA (to fund capital investment shown below)	(0.01)	(0.17)	(0.34)	0.00	0.00	(0.51)
Net HRA Impact	0.01	0.17	0.33	(0.03)	(0.03)	(0.14)

APPENDIX A

Capital Account	2020/21	2021/22	2022/23	2023/24	2024/25	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
	£m	£m	£m	£m	£m	
Pre-contract Costs	0.01	0.01	0.00	0.00	0.00	0.02
Build Costs (including Fees)	0.00	0.19	0.56	0.00	0.00	0.75
POS & Infrastructure Costs (including Commuted Sum)	0.00	0.05	0.00	0.00	0.00	0.05
Total Development Costs	0.01	0.25	0.56	0.00	0.00	0.82
Capital Investment / Renewals ¹	0.00	0.00	0.00	0.00	0.00	0.17
Other Capital Financing (RTB 1-4-1 Receipts)	(0.00)	(0.08)	(0.22)	0.00	0.00	(0.31)
Revenue Contributions from wider HRA	(0.01)	(0.17)	(0.34)	0.00	0.00	(0.51)
Receipts/Grant	0.00	0.00	0.00	0.00	0.00	0.00
Cyclical Maintenance Reserve Release	0.00	0.00	0.00	0.00	0.00	(0.17)
Total Capital Income	(0.01)	(0.25)	(0.56)	0.00	0.00	(0.82)
Capital Account (Surplus) / Deficit	0.00	0.00	0.00	0.00	0.00	0.00

Balance Sheet Extract	2020/21	2021/22	2022/23	2023/24	2024/25	2050/51
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 30
	£m	£m	£m	£m	£m	£m
Land & Buildings	0.00	0.00	0.88	0.90	0.92	1.75
Cyclical Investment Reserve	0.00	0.00	0.00	0.01	0.01	0.04
Capital Reserve	0.00	0.00	(0.88)	(0.91)	(0.93)	(1.79)
Net	0.00	0.00	0.00	0.00	0.00	0.00

Properties	2020/21	2021/22	2022/23	2023/24	2024/25	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
HRA Social Rent Properties	0	0	4	0	0	4
Sale Properties	0	0	0	0	0	0
Total Properties	0	0	4	0	0	4

Formal approval to the ongoing capital investment / renewals programme (at a total value of £0.17 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.

E2. Evaluation and comment on financial implications:
E3. Approach to optimism bias and provision of contingency
There are no contingencies identified within the project, however, we would recommend the use of the savings within the original Order of Cost estimate to mitigate against unexpected cost increases such as the impact of Brexit, Covid-19 and noted price rises for materials and labour in the construction industry.
E4. Taxation
<i>Describe any tax implications and how they will be managed, including VAT</i>
There is no VAT associated with the build costs, however, there is a possibility that the sheds provided in rear gardens are subject to VAT and can be claimed by the developer. 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/BMHT will incur VAT on the acquisition and installation of such items within HRA dwellings. It is likely, therefore, that the construction of the 4 new dwellings is zero rated but some VAT may be incurred on other services/items that are not ordinarily incorporated in new 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.

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<i>This considers how project delivery plans are robust and realistic</i>	
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Date of Post Implementation Review	13/01/2023
Retention	13/01/2024
F2. Achievability	
<i>Describe how the project can be delivered given the organisational skills and capacity available</i>	
The Council is an award-winning developer of mixed-use residential developments through Birmingham Municipal Housing Trust (BMHT). BMHT was set up by the Council in 2009 to build new council homes. Since 2009, BMHT has developed over 3500 new homes for rent and sale. BMHT has a proven track record on delivery and established itself as the biggest housing developer in Birmingham by completing 25% out of all the 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, associated legal documents / agreements to be negotiated and signed, and completion of planning conditions.

F4. Officer support

Project Manager: Emmanuel Igenoza / 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 & 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: 31/03/2022
Duration build on site: minimum 40 weeks
Project completion: Jan 2023
Retentions: Jan 2024

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

Risk or issue	mitigation	Risk after mitigation:	
		Sever-ity	Like-lihood
1. Unforeseen construction risks due to ground conditions	Negotiate with contractor, review with scheme EA to verify and challenge risk and cost	4	3
2. Delays due to availability of materials and labour causing delays in construction timetable as a result of Covid-19 / Brexit	Seek to transfer risk to contractor	5	4
3. Increasing material and labour costs – industry information shows all materials increasing in cost weekly above anticipated inflation rates	Seek to pass risk to contractor or minimise cost increases by advance purchasing by contractor	5	4

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, 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>
(a) Monetised benefits:	£		
(b) Other quantified benefits:			
(c) Non-quantified benefits:	n/a		

Other Attachments

provide as appropriate

- None

-

Appendix B – Site Layout Plan Clements Road



SCHEDULE OF ACCOMMODATION

NAME	TYPE	SEE HP	BEDS	BATHS	TOTAL
THE WALMLEY	2B4P HOUSE	80.8	2	01	01
THE HARBORNE	3B5P HOUSE	93.8	2	03	03
TOTAL				04	04
SITE AREA				0.10 Hectares	
DENSITY				40 dwellings/Ha	
CAR PARKING				8-200%	

KEY

Red line boundary

Wheelie bins

Garden sheds

Existing levels

Proposed finished floor level

See CH00 Landscape Plan for soft and hard landscaping details.

KEY FOR BOUNDARY TREATMENT

Existing 1800mm high brick wall

TYPE 01 - 1800mm close boarded fence

TYPE 02 - 450mm metal trip rail



Notes				Project				Client			
— Copyright in this drawing remains the property of BM3 Architecture Limited.				CLEMENTS ROAD							
— Do not scale this drawing. Work to figured dimensions only.				YARDLEY							
— Contractors and consultants are to advise BM3 Architecture Limited of any discrepancies.				BIRMINGHAM							
Revision				Drawing				Revision			
A. Layout updated following comments.				SITE LAYOUT PLAN				F			
B. Layout updated following MT meeting on 03.04.20.				Scale				Date			
C. Layout updated following MT meeting on 18.08.20.				1:500@A3				JAN 2020			
D. Layout updated following comments from Transportation on 11.11.20.				Job No.				70278			
E. Layout updated following comments from Landscape Officer on 19.11.20 / 24.11.20.				Drawing No.				D02			
F. Landscaping/ planting highlighted to outer edge of access road following Transportations response on 13.01.21.				Drawn by				CB			
				Checked				NW			
				CIB Element				PLANNING			
				Revision							

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Appendix C – Consultation Plan

Site	Ward	Stakeholder	Activity & Response
Clements Road	Yardley West & Stechford	Cllr Baber Baz	1 st November 2021: e-mail sent with planning approval document. 10 December 2019: E-mail sent with scheme details and site plan. No response received.

Appendix D – Risk Register

G2. SUMMARY OF RISKS AND ISSUES REGISTER			
<i>Grading of severity and likelihood: High – Significant – Medium - Low</i>			
		Risk after mitigation:	
Risk or issue	mitigation	Sever-ity	Like-lihood
1. Unforeseen construction risks due to ground conditions	Negotiate with contractor, review with scheme Employers Agent to verify and challenge risk and cost	4	3
2. Delays due to availability of materials and labour causing delays in construction timetable as a result of Covid-19 / Brexit	Seek to transfer risk to contractor	5	4
3. Increasing material and labour costs – industry information shows all materials increasing in cost weekly above anticipated inflation rates	Seek to pass risk to contractor or minimise cost increases by advance purchasing by contractor	5	4

