

Full Business Case (FBC)			
1. General Information			
Directorate	Economy	Portfolio/Committee	Housing and Homes
Project Title	Kings Norton / Monmouth Road / Farnborough Road / Modular Homes	Project Code	Various
Project Description	<p>This FBC covers a range of Housing Development schemes on various sites these include , Farnborough Road, Monmouth Road and a number of small sites for Modular Homes , details of the schemes are outlined below.</p> <p>Monmouth Road is in the Bartley Green area of the City approximately 6 miles to the South West of the City Centre. Bartley Green was an area which saw significant Local Authority Housing Development in the 1950/60s to accommodate the demands of a growing city. However parts of Bartley Green required substantial regeneration by the late 1990s as a result of poorly constructed housing and estate layouts and substantial areas of Bartley Green has seen clearance and demolition and redevelopment. The Monmouth Road site is the last remaining site from this clearance which requires redevelopment. This site previously accommodated 4 tower blocks consisting of around 200 flats and 8 flats over garages. The Tower Blocks have been demolished but the flats over garages are currently being cleared ready for demolition. The proposals with this FBC will be the construction of up to 77 homes, of which 35% (27) will be affordable housing for BMHT. The site is adjacent to a large area of public open space (Senneleys Park) and it is envisaged therefore that there will be considerable demand for housing at this location. It is therefore proposed that the development will be directly funded by the Council including the outright sale homes which will be marketed under the Forward Homes brand. This involves the Council taking the commercial sales risk but also taking enhanced receipts in the form of Developer's profit. The Development team is familiar with this approach have used it on 4 highly successful sales schemes.</p> <p>Farnborough Road project stemmed from the need to create a new School on the Castle Vale estate and following appropriation the creation of the opportunity to develop 124 housing units This will improve the accessibility of the estate for pedestrians, vehicles, and natural surveillance thus assisting in reducing the opportunities for crime to occur. In order to achieve this, there has been a requirement to work with Pioneer, previously Castle Vale Community Housing Association (CVCHA)), due to their surrounding ownerships and the need to get a fresh approach into the site. CVCHA own and manage a large percentage of homes around the site and the proposed mix of units complements and extends the provision and quality of homes on the estate, cementing the management arrangements.</p> <p>This report seeks approval for the development programme to be procured in 2018/9 of 40 units for social rent (BMHT) and 60 for outright sale plus direct sale from BCC of 24 units to Pioneer Housing Group to be let as affordable rented homes. Any sales surpluses from all outright sale homes will provide a cross-subsidy to the homes for rent. The</p>		

	<p>majority of these homes will be completed by March 2021.</p> <p>The sale risk on 60 properties will be incurred by the prospective developer/ constructor with a guaranteed land value and 50/50 share on overage.</p> <p>Modular Homes is an initiative the Council has been working towards for some time and a first wave of 7 sites has been identified which subject to approval will be developed to provide 54 homes constructed through modular construction. These homes will at stage will be social rent and the nature of the sites identified alongside the cost of construction will make outright sale of these homes challenging.</p>		
<b>Links to Corporate and Service Outcomes</b>	<p><i>Which Corporate and Service outcomes does the project address:</i></p> <p>This project will make a direct contribution to both Corporate and Directorate outcomes, including the following:</p> <ul style="list-style-type: none"> <li>• Leader's Policy Statement 2019</li> <li>• Council Business Plan and Budget 2019+</li> <li>• Housing Revenue Account Business Plan 2019+</li> <li>• Enjoy a High Quality of Life – by providing high quality new affordable rented homes</li> <li>• Stay Safe in a Clean, Green City – by providing homes that will achieve the code for sustainable homes level 4 and improved open spaces.</li> <li>• Succeed Economically – by providing training and employment opportunities for local people.</li> <li>• Housing Plan 2010 refresh</li> <li>• Homelessness Strategy 2018</li> </ul>		
<b>Options Appraisal Approved by</b>	<i>Cabinet</i>	<b>Date of Approval</b>	<i>8 December 2014</i>
<b>Benefits Quantification- Impact on Outcomes</b>	<b>Measure</b>		<b>Impact</b>
	<i>List at least one measure associated with <b>each</b> of the outcomes above</i>		<i>What the estimated impact of the project will be on the measure identified</i>
	146 New affordable homes		Enjoying a High Quality of life with

		the provision of new homes –150 homes for rent with BCC and 24 homes for rent with Pioneer Housing Group
	110 New homes for sale	Enjoying a High Quality of life with the provision of new homes.
	7 Apprenticeships	Succeed Economically with new opportunities for employment.
<b>Project Deliverables</b>	<p><b>Monmouth Road</b></p> <p>The construction of 77 homes 28 for rent and 49 for sale and new opportunities for apprenticeships.</p> <p><b>Farnborough Road</b></p> <p>The project will deliver 40 new homes for social rent (BMHT), 24 for Affordable Rent (Pioneer Housing Group) and 60 new homes for outright sale. It will also provide up to 25 apprenticeship opportunities and provide around £62,000 of income to support the Building Birmingham Scholarship Initiative. It will additionally provide some improved car parking and better access arrangements through the estate, with this area at its core.</p> <p><b>Modular Homes</b></p> <p>The construction of 54 new affordable homes using modular construction across 7 separate sites.</p>	
<b>Scope</b>	<p><b>Monmouth Road</b></p> <p>Birmingham City Council will be undertaking the following;</p> <ul style="list-style-type: none"> <li>• Detailed planning application and approval</li> <li>• Highway and Infrastructure: provision of new highway and infrastructure for the new development</li> <li>• Appointment of Housing developer</li> <li>• Construction of new housing</li> <li>• Apprenticeship provision.</li> </ul> <p><b>Farnborough Road</b></p> <p>A number of elements have already been delivered for this project that provide critical information to move the project forward, these include:</p> <ul style="list-style-type: none"> <li>• An employers' agent (EA) has been appointed for each site.</li> <li>• Detailed site investigations / utility / surveys completed.</li> <li>• Scheme layouts have been developed by the pre-contract scheme architect, appraised by the Planning Management and Housing Development teams and in some cases planning applications already secured or submitted after successful pre-application confirmation. The status of each scheme is set out in Appendix 3</li> <li>• Cost estimate reports have been produced for the development options by the EA.</li> </ul>	

	<p><b>Modular Homes</b></p> <p>Birmingham City Council will be undertaking the following;</p> <ul style="list-style-type: none"> <li>• Detailed planning application and approval</li> <li>• Highway and Infrastructure: provision of new highway and infrastructure for the new development</li> <li>• Appointment of Housing developer</li> <li>• Construction of new housing</li> <li>• Apprenticeship provision.</li> </ul>
<p><b>Scope exclusions</b></p>	<p><b>Monmouth Road</b></p> <p>The clearance and demolition of properties on this site were subject to a previous approval.</p> <p><b>Farnborough Road</b></p> <p>The project does not consider the detailed arrangements for the management or on-going maintenance of the Council housing once built, which will be dealt with under the existing arrangements for HRA dwellings. Provision for the maintenance of any retained or new Public Open Space or amenity space associated with these schemes has been accounted for in the scheme costs. Where demolition of former garages or other structures are necessary, in addition to demolition included in this report and already approved, then these have been included in other Executive approvals.</p> <p><b>Modular Homes</b></p> <p>The proposals for Modular Homes do not consider the detailed arrangements or ongoing maintenance of the Council Housing once built, which will be dealt with under the existing arrangements for HRA dwellings. Provision for the maintenance of any retained or new public open space or amenity space associated with these sites has been accounted for within the scheme costs.</p>
<p><b>Procurement Implications</b></p>	<p><b>Monmouth Road / Farnborough Road</b></p> <p>The scheme will be procured using the Homes England DPP3 framework of equivalent</p> <p><b>Farnborough Road</b></p> <p><i>The procurement of the Farnborough Road scheme will be tendered with a further competition exercise using the Homes England's Delivery Partner Panel (3) framework agreement or equivalent. Details of the procurement strategy and the evaluation criteria are included in Appendix 5.</i></p> <p><b>Modular Homes</b></p> <p>The 7 sites for Modular Housing will be procured as a single tender</p>

	<p>package using an OJEU procurement process</p> <p><b>Contractual form</b></p> <p>The forms of contract for all schemes will be the JCT Standard Design and Build Form. The Council will develop the designs to detailed planning application and will carry out investigations and surveys necessary to support this. The appointed contractors will be required to take this information, complete the design works, clear any residual planning conditions and carry out the complete construction of the dwellings to the Council's specification and in accordance with all appropriate standards and requirements.</p> <p>There will be additional need to use the standardised development agreement used by BMHT on schemes where Developers take the sale risk</p>
<b>Taxation Implications</b>	<p>The development includes pre contract expenditure and new build homes expenditure on land owned by Birmingham City Council, together with the sale of some of the properties that will be built. There are no specific tax implications connected with this development</p>
<b>Accountable Body</b>	<p>Not Applicable</p>
<b>Dependencies on other projects or activities</b>	<ul style="list-style-type: none"> <li>• Aldi obtaining full planning approval for the retail store and completing the land sale for the site at Kings Norton</li> <li>• Completion of all legal agreements/ building contracts.</li> <li>• Completion of sale contact with Pioneer for the 24 units at Farnborough Road</li> <li>• Obtaining all outstanding planning consents.</li> <li>• Demolition (where necessary)</li> <li>• Appointment of Contractor Partners.</li> <li>• Infrastructure works and highways agreements.</li> </ul> <p>Advertise loss of public open space/consideration of consultation responses</p>
<b>Achievability</b>	<p>Birmingham City Council is an award winning developer of mixed use</p>

	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 3000 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 21% out of all of the new homes built in the City since 2011.		
<b>Project Manager</b>	Mark English, Development Manager Andrew Hood, Development Manager		
<b>Budget Holder</b>	Colette McCann – Head of Housing Development (Interim). Tel 0121 303 1667 / Colette.McCann@birmingham.gov.uk		
<b>Sponsor</b>	Waheed Nazir / Director – Inclusive Growth / 0121 464 7735 Waheed.nazir@birmingham.gov.uk		
<b>Project Accountant</b>	Nick Ward / Finance Manager / Tel 0121 464 4282 nick.ward@birmingham.gov.uk		
<b>Project Board Members</b>	<ul style="list-style-type: none"> <li>• Waheed Nazir / Director – Inclusive Growth</li> <li>• Colette. McCann / Head of Housing Development (Interim)</li> <li>• Nick Ward / Finance Manager (HRA)</li> </ul>		
<b>Finance Business Partner (FBP)</b>		<b>Date of FBP Approval:</b>	

Key Inputs			
Construction		Running Costs, etc.	
Total Development costs (Capital and Revenue)	£30.03m	Weekly rent	1 bed £80.58 / 2 bed £98.50 / 3 bed £114.80 / 4 bed £129.70
Total Sales Income	£15.26m	Rent loss - voids / arrears	3.0%
		Annual rent increase	-1.0% until 2019/20 then 3.0% ongoing
RTB activity assumed	None	Management Costs	£737
		Repairs Costs	£938
Key Outputs		Capital Works (5-yearly)	£4,702
(Surplus) / Deficit after 30 years	£(12.66)m	Annual Cost Increase	2.5% (CPI 2.0%)

HRA Extract	2018/19	2019/20	2020/21	2021/22	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	
	£m	£m	£m	£m	£m
Rental Income	0.00	0.00	(0.34)	(0.58)	(30.46)
Voids and arrears	0.00	0.00	0.01	0.02	0.91
Repairs and Maintenance	0.00	0.00	0.07	0.11	5.21
Management Costs	0.00	0.00	0.05	0.09	4.10
Development Costs, including marketing and estate agency services	0.00	0.00	0.17	0.10	0.27
Cash-backed Depreciation	0.00	0.00	0.09	0.12	5.26
<b>HRA Deficit / (Surplus) Contribution</b>	<b>0.00</b>	<b>0.00</b>	<b>0.05</b>	<b>(0.14)</b>	<b>(14.71)</b>
Revenue contributions from wider HRA (to fund capital investment shown below)	(0.38)	(1.32)	(0.21)	(0.15)	(2.05)
Net HRA Impact	0.38	1.32	0.26	(0.01)	(12.66)

Capital Account	2018/19	2019/20	2020/21	2021/22	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	
	£m	£m	£m	£m	£m
Pre Contract Costs	0.38	0.77	0.00	0.00	1.15
Build Costs (including Fees)	0.00	2.74	18.01	7.41	28.16
POS & Infrastructure Costs (including Commuted Sum)	0.00	0.13	0.10	0.22	0.45
<b>Total Development Costs</b>	<b>0.38</b>	<b>3.64</b>	<b>18.11</b>	<b>7.63</b>	<b>29.76</b>
Capital Investment / Renewals <sup>1</sup>	0.00	0.00	0.00	0.00	5.02
Other Capital Financing (RTB 1-4-1 / Affordable Housing S106 / General RTB Receipts)	(0.00)	(2.32)	(7.90)	(2.22)	(12.45)
Revenue Contributions from wider HRA	(0.38)	(1.32)	(0.21)	(0.15)	(2.05)
Receipts	0.00	0.00	(10.00)	(5.26)	(15.26)
Cyclical Maintenance Reserve Release	0.00	0.00	0.00	0.00	(5.02)
<b>Total Capital Income</b>	<b>(0.38)</b>	<b>(3.64)</b>	<b>(18.11)</b>	<b>(7.63)</b>	<b>(29.76)</b>
<b>Capital Account (Surplus) / Deficit</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Balance Sheet Extract	2018/19	2019/20	2020/21	2021/22
	Year 0	Year 1	Year 2	Year 3
	£m	£m	£m	£m
Land & Buildings	0.00	0.00	12.78	18.64
Cyclical Investment Reserve	0.00	0.00	0.09	0.22
Capital Reserve	0.00	0.00	(12.87)	(18.86)
<b>Net</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Properties	2018/19	2019/20	2020/21	2021/22	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	
HRA Social Rent Properties	0	0	93	29	122
Sale Properties	0	9	103	49	161
<b>Total Properties</b>	<b>0</b>	<b>9</b>	<b>196</b>	<b>78</b>	<b>283</b>

Note:

1. Formal approval to the ongoing capital investment / renewals programme (at a total value of £6.24 million over the coming 30 years) will be sought in due course as a part of the overall HRA capital programme as details of elemental investment needs emerge over time.



<b>3. Checklist of Documents Supporting the FBC</b>		
<b>Item</b>	<b>Mandatory attachment</b>	<b>Number attached</b>
<b>Financial Case and Plan</b>		
<ul style="list-style-type: none"> <li>Detailed workings in support of the above Budget Summary (as necessary)</li> </ul>	Mandatory	
<ul style="list-style-type: none"> <li>Milestone Dates/ Project Critical Path (set up in Voyager or attached in a spreadsheet)</li> </ul>	Mandatory	
<ul style="list-style-type: none"> <li>Partnership Funding Proposal</li> </ul>		
<ul style="list-style-type: none"> <li>Specific Funding (Grant) outline</li> </ul>		
<b>Project Development products</b>		
<ul style="list-style-type: none"> <li>Populated Issues and Risks register</li> </ul>	Mandatory	
<ul style="list-style-type: none"> <li>Stakeholder Analysis</li> </ul>	Mandatory	
<ul style="list-style-type: none"> <li>Technical Feasibility Assessments</li> </ul>		
<ul style="list-style-type: none"> <li>Partnership Agreement</li> </ul>		
<ul style="list-style-type: none"> <li>Non-Financial Benefits</li> </ul>		
<b>Other Attachments (list as appropriate)</b>		
<ul style="list-style-type: none"> <li></li> </ul>		
<ul style="list-style-type: none"> <li></li> </ul>		
<ul style="list-style-type: none"> <li></li> </ul>		