

Birmingham City Council

Report to Cabinet

29 June 2021



Subject: Building Birmingham – Highgate Road Development

Report of: Ian MacLeod, Acting Director – Inclusive Growth

Relevant Cabinet Member: Councillor Ian Ward, Leader
Councillor Sharon Thompson, Cabinet Member for Homes and Neighbourhoods
Councillor Tristan Chatfield, Cabinet Member for Finance and Resources

Relevant O & S Chair(s): Councillor Penny Holbrook, Housing and Neighbourhoods
Councillor Mohammed Aikhlaq, Resources

Report author: Shahid Iqbal, Principal Housing Development Officer,
0121 303 6474
Email Address: Shahid.s.Iqbal@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): Sparkbrook & Balsall Heath East		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference:007977/2020		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential: Exempt Appendix F		

1 Executive Summary

- 1.1 The report seeks to obtain approval for the Full Business Case (FBC), and approval of the procurement strategy for the Highgate Road Development (the Scheme) for the construction of 61 new homes for social rent.

2 Recommendations

- 2.1 Approves the FBC attached to this report as Appendix A for the Scheme, and delegates any changes to the FBC for the Scheme financial expenditure of up to 10% to the Acting Director, Inclusive Growth.
- 2.2 Approves the procurement strategy and commencement of the procurement activity for the housing development and associated works for the Scheme using the Homes England Delivery Partner Panel 3 ((DPP3) Framework Agreement.
- 2.3 Delegates the approval of the contract award for the Scheme to the Acting Director, Inclusive Growth in conjunction with the Assistant Director, Development and Commercial (or their delegate), the Interim Chief Finance Officer (or their delegate) and the City Solicitor (or their delegate) subject to the costs being within the FBC approval in accordance with paragraph 2.1.
- 2.4 Authorises the Acting Director, Inclusive Growth to seek consent from the Secretary of State under Section 174 of Localism Act 2011, to exclude the new council properties developed through the Scheme from the Right to Buy pooling requirements, and to ensure that any capital receipts generated from any future sale of homes under the Right to Buy are retained by the Council for reinvestment in future housing delivery.
- 2.5 Authorises the Assistant Director, Transport and Connectivity to grant technical approval of the Scheme highways proposals and progress the preferred option to detailed design which will be the responsibility of the appointed contractor.
- 2.6 Authorises the Acting Director, Inclusive Growth to submit and process all necessary highway closures and notices required to facilitate the Scheme highlighted in the FBC and to enter into any appropriate agreements for the creation, improvement and alterations to highway access to the sites.
- 2.7 Delegates to the Acting Director, Inclusive Growth the power to amend or vary the development boundaries by up to 10% for the Scheme.
- 2.8 Delegates authority to the Acting Director, Inclusive Growth to submit funding applications to Homes England (HE), West Midlands Combined Authority (WMCA), the Ministry of Housing, Communities and Local Government (MHCLG), European Regional Fund or any other funding agency to facilitate the scheme development where required.
- 2.9 Authorises the City Solicitor (or their delegate) to take all steps necessary for the preparation of any documents, to negotiate, execute and complete all necessary documentation to give effect to the above recommendations.

3 Background

- 3.1 The proposed development site at Highgate Road is located between Highgate Road and Woodfield Crescent, Sparkbrook and Balsall Heath East Ward, and is close to the city centre, and provides convenient access to the local Ladypool Neighbourhood Centre.

- 3.2 The site was appropriated into the Housing Revenue Account (HRA) for housing development purposes in an appropriations report to Cabinet in March 2018.
- 3.3 The site was identified for housing development in the Balsall Heath Neighbourhood plan that was adopted by the Council in 2018.
- 3.4 There are three residential dwellings in council ownership and a commercial premises in private ownership operating as a restaurant on the site, however, these have been excluded from the development area as they are subject to a proposed Highway Improvement Line.
- 3.5 The scheme was identified in the Birmingham Municipal Housing Trust (BMHT) Delivery Plan 2019-2029 report to Cabinet on 14 May 2019. The Outline Business Case for the scheme contained within the report was for 30 units, however, during the design process, an opportunity to increase the density on the site resulted in an increase in the number of units to 61. All units will be for Social Rent. (See appendix B, site layout plan).
- 3.6 The site now comprises of the following:

House Type	No of units for this house type
2Bed 4Person FOD (Flat Over Drive)	3
2Bed 4Person Flat	11
2Bed 4Person Corner Flat A	1
3Bed 5Person Corner Flat B	2
3Bed 6Person Mansion Flat A	5
3Bed 6Person Mansion Flat B	10
3Bed 6Person Flat C	4
2Bed 4Person Weoley House	5
2Bed 4Person Weoley House (i)	2
4Bed 7Person House	4
5Bed 8Person House	8
6Bed 9Person House	6
Total number of dwellings	61

- 3.7 A planning application for the scheme was submitted on 01 March 2021 and the reference number is 2021/01793/PA.

4 Options considered and Recommended Proposal

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

5 Consultation

5.1 Please see Appendix 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 scheme is in accordance with the objectives of the housing revenue account (HRA) Business Plan 2021+.

7.1.2 The scheme on the proposed site supports the delivery of the core objectives of the Birmingham Development Plan (BDP) which was adopted by the Council on 10 January 2017 to increase housing growth.

7.1.3 The scheme is in line with the Council's Route to Zero Strategy approved by Cabinet in January 2021. The Strategy commits to reducing the city's carbon emissions and limit climate crisis.

7.1.4 The scheme will make a direct contribution and is consistent with the Council's Plan 2018 – 2022 (as updated in 2020) priorities and outcomes as outlined below:

- Birmingham is an aspirational city to grow up in; new homes will be developed which will provide a safe, warm, sustainable and connected neighbourhood in which our children can thrive.
- A city that takes a leading role in tackling climate change; the new homes will be built to a high standard of energy efficiency by using the latest technologies.
- Birmingham is a great city to live in; 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 on the proposed sites. New homes will help ease pressure on the housing active applicants on the housing register which is currently around 16,955.
- Birmingham is an entrepreneurial city to learn, work and invest in; activity within the construction sector will create jobs and apprenticeships in the city, and activity within the supply chain industries, supporting the local economy through the Birmingham Business Charter for Social Responsibility (BCC4SR). This will be achieved through the procurement of the build contract.
- Birmingham is a fulfilling city to age in; the links between health and housing are well recognised. New thermally efficient, economical to run

new homes which are designed to high standards of quality and internal space standards will be more affordable for residents and offer a higher quality of life leading to better health outcomes.

- Birmingham is a great, clean and green city to live in; the scheme will use a range of measures to improve the environment and tackle air pollution by using cleaner technologies such as Fabric First.

7.1.5 Birmingham Business Charter for Social Responsibility (BBC4SR)

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

7.1.5.2 The social value outcomes to the benefit of the Sparkbrook and Balsall Heath East Ward and the surrounding areas, tenderers will be required to address will include:

Local Employment

- Employment and employability opportunities for the target groups particularly young people.
- To provide a donation of £500 for every property built to support the Building Birmingham Scholarship to assist young professionals within the construction industry.
- A strong local employment offer with the focus on the hardest to reach groups particularly focused on the residents in Sparkbrook and Balsall Heath East Ward and the surrounding area. Based on the value of the scheme, a minimum of 11 full time equivalent employment / apprenticeship opportunities is expected.

Buy Local

- Spend to be, as practically as possible, with local, small and medium enterprises as well as social enterprises within a 30 mile radius of the scheme.
- In recognition of the Council's policy to support sheltered workshops and its commitment to promote such firms who employ People with Disabilities, the tender will include a requirement for tenderers to seek a quotation from Shelforce to ensure they have the opportunity to price for this Scheme.

Partners in Communities

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

Good Employer

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

Green and Sustainable

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

Ethical Procurement

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

7.2 Legal Implications

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

7.2.3 The City Council carries out transportation, highways and infrastructure work under the relevant primary legislation including the Town and Country Planning Act 1990, Highways Act 1980, Road Traffic Regulation Act 1984, Traffic Management Act 2004, Transport Act 2000, and other related regulations, instructions, directives, and general guidance, and the Highways Act 1980 contains the highway closures and diversions.

7.2.4 BMHT will enter into a memorandum of understanding with the Local Highway Authority to facilitate the improvement of existing areas of highway maintainable at public expense, that will be affected by the development proposals.

7.3 Financial Implications

7.3.1 The total estimated cost of the proposed development is £12.23m to be completed in 2023/24. The scheme will be funded from HRA revenue contributions, Right to Buy one for one receipts and Affordable Housing Section 106 contributions. The cost of development is included in the HRA Business Plan 2021+.

7.3.2 The FBC figure is c.£900k more than the Quarter 1 forecast as some elements of the overall scheme costs such as planning obligations and other fees were not available at the time of the forecast. The additional cost will be funded from savings on the Kings Norton and Meadway BMHT schemes.

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 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 % for the next 4 years.

7.3.5 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.

7.4 Procurement Implications

7.4.1 Cabinet was advised of the forthcoming procurement activity for the Scheme in the Planned Procurement Activity report (PPAR) dated 20th July 2020.

7.4.2 This report updates Cabinet as the Scheme cost is higher than originally reported in the PPAR. Further details are in the Exempt Appendix.

7.4.3 It is recommended that a further competition exercise is carried out in accordance with the protocol of the Homes England Delivery Partner Panel 3 (DPP3) framework agreement – Midlands Lot to appoint the preferred contractor.

7.4.4 The DPP3 framework agreement is specifically designed for the development of housing with a suitable breadth of suppliers with pre-agreed terms and conditions that is considered to deliver better value for money than an open tender or any other framework agreement and has been used successfully for the delivery of a number of similarly large BMHT housing development schemes. The evaluation criterion to be used is 40% quality, 20% social value and 40% price.

7.5 Human Resources Implications (if required)

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

7.6 Public Sector Equality Duty

7.6.1 There are currently around 16,955 active applicants on the Council's affordable housing register. Many of these people live in overcrowded conditions across the housing sector. Evidence from allocating properties previously developed under the Birmingham Municipal Housing Trust (BMHT) banner has revealed the extent of this problem, many families being allocated from accommodation that was too small for their needs.

7.6.2 An initial Equality assessment, Ref: EQUA657 is attached as Appendix E. A full Equality Assessment has not been undertaken as it is considered that the proposals of this report do not have any adverse impact on the characteristics and groups protected under the Equality Act 2010.

8 Appendices

- 8.1 Appendix A – Full Business Case
- 8.2 Appendix B – Site Layout Plan
- 8.3 Appendix C – Consultation Plan
- 8.4 Appendix D – Risk Register
- 8.5 Appendix E – Equality Impact Assessment
- 8.6 Exempt Appendix F

9 Background Documents

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

Appendix B – Site Layout Plan



Appendix C – Consultation Plan

Site	Ward	Stakeholder	Activity & Response
Highgate Road	Sparkbrook & Balsall Heath East	Cllr Mohammed Azim	<p>18 March 2021: E-mail sent with report and site plan to both Ward Cllrs.</p> <p>Phone-call with Cllr Azim on 22 March 2021. Cllr Azim expressed his support for the development and how important this development is for the area. Cllr Azim wanted some clarity on the car-parking provision, access to the site, and the 3 existing properties that remain. Cllr Azim was advised that all new properties would have on-plot parking and there is a rear courtyard for the flats, there is one access into the site due to the proposed HIL, and this is also why the 3 existing houses remain.</p>
		Cllr Shabrana Hussain	<p>E-mail response on 11 May 2021: I have no objections to this. I fully support this report. We have a shortage of family homes. All aspects of this report has been covered.</p>

Appendix D, Risk Register

Risk No	Risk description	Risk mitigation	Residual / current risk			Additional steps to be taken
			Likelihood	Impact	Prioritisation	
1.	Difficulty in attracting bidders for the development opportunity.	The DPP3 Framework is a specialist route to market for housing projects with suitable suppliers for this project. DPP3 has been previously used for schemes of this size and nature and has proved to be successful.	Low	Medium	Tolerable	Early market engagement to be undertaken with the framework suppliers to inform of tender opportunity.
2.	Tender pricing comes in above the pre-tender estimate.	The Employers Agent to provide a timely pre-tender estimate that reflects current market conditions prior to issuing tender documentation.	Low	Medium	Tolerable	If tenders are over the pre-tender estimate, the specification will be reviewed to identify possible savings. If further funding is required this will be at the expense of other projects. If the funding is not available and no saving can be identified, the project will be reviewed and subject to further FBC approval.
3.	Costs increase during construction period.	Ensure robust contract management process are in place.	Medium	Medium	Material	Costs continually reviewed in conjunction with project team.

		Review and challenge all proposed cost increases.				
4.	Planning / Highways Approval Delays.	Development and Planning Teams work more closely together on scheme design and objectives.	Medium	Significant	Material	Review on a monthly basis and escalate earlier if necessary.
5.	Covid 19 / Brexit.	Continual monitoring of the latest situation. Review contract terms and conditions to ensure relevance. Seek to transfer risk of cost increase to third parties e.g. contractor.	Medium	Significant	Material	Regularly review the situation.

Appendix E – Equality Impact Assessment

Title of proposed EIA	BMHT Highgate Road Development
Reference No	EQUA657
EA is in support of	New Function
Review Frequency	No preference
Date of first review	30/06/2021
Directorate	Inclusive Growth
Division	Housing Development Team
Service Area	
Responsible Officer(s)	Shahid S Iqbal
Quality Control Officer(s)	Richard Woodland
Accountable Officer(s)	Colette McCann
Purpose of proposal	To approve a full business case for housing development at Highgate Road, Sparkbrook and Balsall Heath East Ward.
Data sources	Consultation Results; Other (please specify)
Please include any other sources of data	The site was identified for housing development in the Planning led Balsall Heath Neighbourhood Plan. Local Ward Councillors have also been consulted on the proposal and are supportive.

ASSESS THE IMPACT AGAINST THE PROTECTED CHARACTERISTICS

Protected characteristic: Not Applicable

Age

Age details:

Protected characteristic: Not Applicable

Disability

Disability details:

Protected characteristic: Not Applicable

Sex

Gender details:

Protected characteristics: Gender

Reassignment

Gender reassignment

details:

Protected characteristics: Marriage

and Civil Partnership

Marriage and civil

partnership details:

Protected characteristics: Not Applicable

Pregnancy and

Maternity

Pregnancy and
maternity details:

Protected Not Applicable

characteristics: Race

Race details:

Protected Not Applicable

characteristics: Religion
or Beliefs

Religion or beliefs
details:

Protected Not Applicable

characteristics: Sexual
Orientation

Sexual orientation
details:

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

Please indicate any
actions arising from
completing this
screening exercise.

None

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

The report to Cabinet is initially to approve a procurement strategy and full business case for the proposed housing development at Highgate Road, Sparkbrook and Balsall Heath East Ward. However, the proposal will benefit all members of the local community by:

The housing development will provide 61 new high quality homes for social rent in an area where there is significant demand for affordable housing. The housing will be available to all residents of Birmingham that qualify.

The proposed development will bring an under-utilised parcel of land into use for housing development and thus improve the local environment and support the local economy.

The housetypes are a mix of 2 / 3 bedroom flats as well as larger houses of 4, 5, and 6 bedrooms. There is a significant need for larger housing across the City and this development will make a great contribution to that need to support larger families and reduce over-crowding.

The houses will be built to lifetime homes standard, secured by design standard, and also be built by following the principles of Route to Zero which help support fuel poverty.

The successful contractor will be a signatory of the BCC4SR and will be obliged to provide employment, training, and apprenticeship opportunities as part of the contract. A £500 contribution towards the BBS programme will also be required to support young people from disadvantaged neighbourhoods into higher education.

Consulted People or Groups

Informed People or Groups

Summary and evidence of findings from your EIA

The proposals of this report do not have any adverse impact on the characteristics and groups protected under the Equality Act 2010.

The proposal will help, create employment, training, and apprenticeship opportunities; boost the local economy; provide a wide range of housing options including for larger families; contribute towards reducing the Council's housing register; help reduce fuel poverty; bring an under-utilised site into use that will improve the local environment.

QUALITY CONTROL SECTION

Submit to the Quality Control Officer for reviewing?

No

Quality Control Officer

comments

Decision by Quality Control Officer Proceed for final approval

Submit draft to

Yes

Accountable Officer?

Decision by Accountable Officer Approve

Officer

Date approved / 04/06/2021

rejected by the

Accountable Officer

Reasons for approval or

rejection

Please print and save a Yes

PDF copy for your

records

Julie Bach

Person or Group [Shahid S Iqbal](#)

Content Type: Item

Version: 30.0

Created at 18/03/2021 09:38 AM by [Shahid S Iqbal](#)

Last modified at 04/06/2021 12:04 PM by Workflow on behalf of [Colette McCann](#)