

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET
Report of:	Corporate Director , Economy
Date of Decision:	13 September 2017
SUBJECT:	Building Birmingham: Full Business Case - Delivering the BMHT housing development programme 2017-19 with SME house-builders
Key Decision: Yes	Relevant Forward Plan Ref: 003157/2017
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chair approved <input type="checkbox"/>
Relevant Cabinet Member(s) or Relevant Executive Member:	Councillor Peter Griffiths, Housing and Homes and Councillor Majid Mahmood, Value for Money and Efficiency
Relevant O&S Chair:	Councillor Victoria Quinn, Housing and Homes Councillor Mohammed Aikhlaq, Corporate Resources and Governance
Wards affected:	Aston, Bartley Green, Erdington, Handsworth Wood, Hodge Hill, Lozells and East Handsworth, Quinton, Shard End, Soho, Sparkbrook, Stockland Green, Sutton Trinity, Washwood Heath

1. Purpose of report:

- 1.1 To approve the Full Business Case (FBC) set out in Appendix 1 of this report for the proposed council housing new starts comprising a total of 107 units for rent and 24 units for outright sale to form Phase 1 of the 2017-19 New Council Housing Development Programme using its Birmingham Municipal Housing Trust (BMHT) delivery vehicle.

2. Decision(s) recommended:

That Cabinet:-

- 2.1 Approves the FBC as set out in Appendix 1 of this report for the 2017-19 BMHT Programme at a cost of £18.78m.
- 2.2 Delegates approval to award contracts following the procurement processes as detailed in Section 5 of this report to the Corporate Director, Economy in conjunction with the Director of Commissioning and Procurement, the Chief Finance Officer and the City Solicitor.
- 2.3 Authorises the Corporate Director, Economy to seek consent from the Secretary of State under Section 174 of the Localism Act 2011 to exclude the new properties to be constructed from Right to Buy pooling requirements, to ensure that any capital receipts generated from the sale of homes under the Right to Buy are retained by the Council.
- 2.4 Authorises the Corporate Director, Economy to receive the result of any consultations concerning the loss of Public Open Space notices in accordance with Section 123 (2A) of the Local Government Act 1972 and to decide whether to proceed with the relevant disposal or appropriation under Section 122 (2A) in consultation with Cabinet Members for Housing and Homes and Clean Streets, Recycling and Environment.

.../...

- 2.5 Authorises the Corporate Director, Economy to submit and process all necessary Highway Closure applications and notices required to facilitate the development of sites highlighted in Appendix 3 of this report and to enter into any appropriate agreements for alterations to highway access to the sites.
- 2.6 Delegates to the Assistant Director Property the power to amend or vary the development boundaries of any of the sites.
- 2.7 Authorises the Corporate Director, Economy to apply for and accept any external funding associated with the schemes listed in Appendix 3 to help support the delivery of this programme (subject to satisfactory approval of any associated funding conditions).
- 2.8 Authorises the City Solicitor to negotiate, execute and complete all necessary documentation to give effect to the above recommendations including the execution and completion of all appropriate way leaves and easements and highway agreements required for the development of the sites listed in Appendix 3.

Lead Contact Officer(s):	Steve Dallaway – Housing Development Manager, Economy Directorate
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3. Consultation

3.1 Internal

- 3.1.1 The Corporate Director, Place and the Service Director, Housing Transformation have been consulted and support the recommendations within this report.
- 3.1.2 Officers in Legal Services, City Finance, Procurement, Birmingham Property Services, Highways, Employment Services and the Place Directorate (Landlord Services) have been involved in the preparation of this report.
- 3.1.3 The Leader has been consulted regarding the contents of this report and supports the proposals coming forward for an Executive Decision.
- 3.1.4 Ward, Town and Parish Council Members will be consulted as and when sites or properties are identified for development. A Consultation Summary of Members consulted on adding the proposed sites into the 2017-19 programme is shown in Appendix 2 of this report.
- 3.1.5 Where planning applications have yet to be made, relevant Ward, Town and Parish Councillors will be further consulted on the detailed proposals of each scheme in the 2017-19 New Council House-Building Programme

3.2 External

- 3.2.1 Residents will be consulted on the 2017-19 BMHT new starts programme proposals for 2017-19 as part of the planning application process and thereafter by notification of the contractor mobilising for a start on site.

4. Compliance Issues:

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

This proposal responds to the Council's key priorities ;

Children – new homes will be developed in neighbourhoods which provide a safe, warm, sustainable and connected environment in which our children can thrive;

Housing – 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 seek to accelerate housing growth in the city;

Jobs and Skills – activity within the construction sector will create jobs and apprenticeships in the city, and activity in the supply chain industries, supporting the local economy through the Birmingham Business Charter for Social Responsibility;

Health – the links between health and housing are well recognised. New thermally efficient, economical to run new homes which are designed to high standards of quality and internal space standards will be more affordable for residents and will offer a higher quality of life leading to better health outcomes.

4.1.2 Birmingham Business Charter for Social Responsibility (BB4CSR)

The recommended provider will be required to provide actions proportionate to the value of each proposed contract. The actions proposed include:

- An estimated 19 people will benefit from apprenticeships and a further 1,128 weeks provided for local work placements and training opportunities
- Mentoring support to local colleges
- Use of FindItInBirmingham as a primary source to advertise opportunities to local businesses
- Engagement with local schools and community groups to provide information about the construction industry
- Provision of support to the local community eg planters to schools, waste timber to schools, litter picking in the area of each scheme etc.

4.1.3 Compliance with the BB4SR is a mandatory requirement that will form part of the conditions of the contracts. Tenderers will submit an action plan with their tender that will be evaluated in accordance with the evaluation criteria and the action plan of the successful tenderers will be implemented and monitored during the contract period.

4.1.4 Payment of the Birmingham Living Wage will be a mandatory requirement of all contractors.

4.2 Financial Implications

4.2.1 The estimated total capital cost of the proposed developments at all 20 sites is £18.78m. The developments will be funded from Housing Revenue Account (HRA) revenue

contributions, Right to Buy (RtB) One-for-One receipts, RtB general receipts, Affordable Housing Section 106. The FBC document for these developments is included in Appendix 1 and includes further details of the funding of these schemes.

- 4.2.2 There is the potential to secure Local Enterprise Partnership (LEP) grant funding under their 'Unlocking Sites' Programme and an application has been made (which will be formally appraised and considered in mid-September 2017) for this for around 30-35 units at around £510,000. This programme is aimed at providing gap funding for smaller and more expensive sites (in particular some of the former garage courts that feature in this report). Cabinet is asked to endorse this bid and if extra resources became available under this programme that Officers are instructed to accept this funding as per recommendation 2.7 of this report.
- 4.2.3 The future running costs of the properties and areas of public realm retained within the schemes will be met from ongoing rental income to be derived from the new build properties. This will result in an overall revenue surplus to the HRA over 30 years of £14.07m.
- 4.2.4 The financial viability of the proposals is based on the social housing rent policy that was outlined by the Chancellor of the Exchequer on 2nd July 2015 (i.e. that rents will be reduced by 1% per annum from 2016-17 to 2019-20). The working assumption is that rents will then revert back to the Consumer Price Index (CPI)+1% after 2019-20 (currently projected at 3% per year). However, should rents not increase at this rate, it is anticipated that efficiency savings within the HRA will be needed to ensure that the scheme breaks even.
- 4.2.5 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 Right to Buy will be obliged to pay the Council full construction cost of the property, irrespective of any discount to which they may be entitled under the Right to Buy legislation.
- 4.2.6 Where new highway is required to enable these sites to be redeveloped to support the housing construction described in this report then such development costs and ongoing maintenance costs will be met by the HRA. Appropriate permissions to construct highway will also be required. Opportunities will be explored to align any changes to the highway as a consequence of each new development to the Highways Management and Maintenance PFI (HMMPFI) programme of works to minimise costs of delivery to the schemes.

4.3 Legal Implications

- 4.3.1 As the Housing Authority, the relevant legal powers relating to the discharge of the Council's statutory function to provide for its housing need are contained in Section 9 of the Housing Act 1985.

4.4 Public Sector Equality Duty

- 4.4.1 There are currently around 17,000 people on the Council's waiting list for affordable housing. Many of these people live in overcrowded conditions across the housing sector. Evidence from allocating properties previously developed under the BMHT banner has

revealed the extent of this problem, with many families being allocated from accommodation that was too small for their needs.

- 4.4.1 Through the BMHT programme, the Council provides homes that reflect the Strategic Housing Market Assessment for Birmingham with an emphasis on 2 bedroom houses and 4+ bedroom houses. Whilst there is a clear driver for family homes (and these make up the majority of the new development programme) the programme also looks to meet other needs, such as people without children and elderly residents who wish to down-size from under-occupied homes. Local need, site restrictions and financial viability are taken into account when determining the exact mix of homes and typologies to build on each site.
- 4.4.2 The BMHT Delivery Plan for 2015-20 included an Equality Impact Analysis and was agreed by Cabinet in December 2014 which operates city-wide. It includes areas where different cultural requirements will need to be reflected in the design of the homes provided. Feedback from previous schemes delivered has been utilised and these will be used in developing the schemes outlined within the BMHT Delivery Plan. New property archetypes need careful consideration in terms of construction affordability and value for money and have now been refined into the BMHT Standard House Types catalogue. The Council's house building programme represents a unique opportunity to break the mould of repetitive market house types and meet the specific needs of its diverse population.
- 4.4.3 The delivery of the associated Building Birmingham Scholarship (BBS) programme specifically targets young people from deprived backgrounds and in priority wards. Progress on BBS is reported to the Cabinet Member for Jobs and Skills on a regular basis. Some 70 young people have been accepted onto the BBS programme since it was launched in 2013 which has seen 92 work based placements provided and to-date 10 people moving straight into permanent employment after graduating. The success of the Council's BBS programme was recognised in June 2017 by being awarded 'Best Skill and Training Provider' at the West Midlands Annual Property Awards.

5. Relevant background/chronology of key events:

- 5.1 In December 2014, Cabinet approved a five-year development plan for the Council's new house building programme. This report deals with the next phase of that plan and seeks approvals for a range of (mainly) smaller sites. The 2017-19 housing development programme comes at a time where the Council has secured the accolade of 'Social Housing Developer of the Year' in both 2016 and 2017, reflecting the high profile role that BMHT has in delivering high quality new homes, both at scale and at the micro/ neighbourhood level of re-developing smaller sites of derelict land.
- 5.2 In June 2016, Cabinet approved the setting up of a new Dynamic Purchasing System (DPS) – essentially a procurement vehicle allowing Small and Medium-Sized Enterprises (SME) as contractors to join at any point in a four-year term. This decision is based upon the Council pro-actively encouraging smaller contractors to re-enter the housebuilding market (where traditionally they played a larger role in housing supply than volume housebuilders). The first 4 contractors were formally appointed in March 2017 with new partners now applying to join too. All BMHT sites of 15 units or less will be offered to the DPS and selection will be by mini competition. Schemes above 15 units will be procured in line with the strategy outlined in Appendix 5.

- 5.3 This programme contains mostly small schemes, many being former, redundant garage courts or buildings, municipal depots that have been declared obsolete and demolished and surplus amenity land (including 2 former public houses acquired by the Council) that are suitable for small, infill development. The programme aims to deliver new homes linked to housing needs and in particular to provide a high proportion of larger (4 and 5 bedroom) properties that will be needed to assist rehousing in areas of redevelopment. Smaller schemes do not benefit from the economies of scale that are enjoyed by larger BMHT schemes but none the less deliver growth and deal with otherwise problematic sites that would be unattractive to the market. As such the unit cost of the programme is higher than for previous sites, but will see the Council remaining as the largest provider of Affordable Homes in Birmingham.
- 5.4 Elected Members in wards with proposed schemes have been consulted on the principle of residential development and a schedule of responses is included in Appendix 2. Whilst addressing the overall strategic needs of the Council's housing requirements it is acknowledged that these are mainly small sites so Members' preferences in terms of the suggested mix of properties have been taken account of in developing proposals, which has included larger 4 and 5 bedroom houses on some schemes or using bungalows to meet older persons needs on others. Where schemes require a planning application local residents will be consulted via this process. A short summary of former land uses and scheme details/numbers is included in Appendix 3.
- 5.5 The Housing Revenue Account Business Plan contains a number of assumptions about the provision of new affordable housing. This includes substantial projects already underway in the Housing Development Programme which will be implemented over a number of years. A list of forecasted completions with the recommended schemes forming Phase 1 of the 2017-19 new starts programme is contained in Appendix 4. A further phase of sites is under development and will be presented to Cabinet in 2018.
- 5.6 The majority of schemes that form the 2017-19 new starts programme will be for social rent. Birchfield Gateway (Phase 2) and Ebrook Road in Sutton Trinity are recommended as outright sales schemes.
- 5.7 The Birchfield Gateway scheme completes the regeneration of the former high rise blocks at Birchfield and will provide 18 new starter homes for sale on two remaining small sites. The anticipated sales surplus has been financially appraised and it is proposed to undertake this scheme as a deferred land value scheme, whereby the developer will take all of the sales and marketing risk in exchange for a minimum plot value and any resulting share in such sales surpluses that are realised after all homes are sold. This is a well-established approach that the Council has utilised since 2009.
- 5.8 Ebrook Road is a former garage site in Sutton Trinity Ward, where demand for garages has fallen below 50% and the garages have been demolished. An adjacent area of land has been included that had previously been leased to an adjacent owner as garden land but has now been returned to the Council enabling a development site to be assembled with appropriate car parking for the new homes. A small scheme of houses (2 and 3 bedrooms) has been financially appraised which indicates that considerable sales surpluses should be generated that will be used to subsidise further social rent schemes in the Housing Development Programme. This will be delivered under the Council's 'Forward Homes' delivery vehicle where the Council takes the full risk of sales and marketing but also the entirety of any associated sales surpluses.

- 5.9 These new schemes will be in addition to a considerable number of BMHT and Forward Homes schemes already on site and in the financial year 2017/8 will see an estimated total of 347 completions for rented homes and 176 homes completed for outright sale.
- 5.10 All homes have been designed in-house by the BMHT team, guaranteeing the best possible design both internally and externally. Careful consideration is given to neighbourhood services including waste storage and collection, with internal consultation being undertaken ahead of submitting any planning applications. Dedicated and secure areas are shown on planning applications for both general waste and recycling bins in rear gardens with no household having to bring their bins through the main dwelling.
- 5.11 In recognition of the Council's policy to support sheltered workshops and its commitment to promote such firms who employ People with Disabilities, tender invitations for all schemes will include a requirement for contractors to seek a competitive quotation from Shelforce for the supply of windows and doors. Whilst this does not mandate contractors to use Shelforce, it will ensure they have the opportunity to price for these opportunities and work alongside the various SMEs who will deliver this programme for the Council under the banner of BMHT.

6. Evaluation of alternative option(s):

- 6.1 **Disposal of land on private market** – this option is discounted as HRA land is currently earmarked for the ongoing delivery of the BMHT programme. These sites are unlikely to be attractive to the private sector due to their small size.
- 6.2 **Deliver all new homes for outright sale** – this option is discounted on the basis that the cost of construction and associated fees on small sites is more than the current market value of the new homes and would therefore mean that the Council would lose money by developing these homes for outright sale.

7. Reasons for Decision(s):

- 7.1 The planning and procurement process for delivery of these schemes will support the Council in delivering housing growth across the City by providing as many new homes as possible using the Council's resources, whilst in tandem addressing housing management issues around parcels of derelict land and anti-social behaviour.

Signatures

Date

Councillor Peter Griffiths
Cabinet Member for Housing and Homes

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Councillor Majid Mahmood
Cabinet Member for Value for Money and
Efficiency

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Waheed Nazir
Corporate Director , Economy

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List of Background Documents used to compile this Report:
Report to Cabinet 28/6/16 'Supporting Small and Medium-Sized Enterprises – A Tender Strategy for establishing the Birmingham Municipal Housing Trust Dynamic Purchasing System'

List of Appendices accompanying this Report (if any):
<ol style="list-style-type: none">1. Full Business case (FBC)2. Consultation Summary (Ward Councillors)3. Schemes Summary4. BMHT Projected Completions 2017-215. Procurement Strategy for schemes above 15 units6. Site Plans

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

1	<p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none">(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
2	<p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
3	<p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p>
4	<p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) tackle prejudice, and(b) promote understanding.
5	<p>The relevant protected characteristics are:</p> <ul style="list-style-type: none">(a) Marriage & civil partnership(b) Age(c) Disability(d) Gender reassignment(e) Pregnancy and maternity(f) Race(g) Religion or belief(h) Sex(i) Sexual orientation

APPENDIX 1 - Full Business Case (FBC)

1. General Information

Directorate	Economy	Portfolio/Committee	Housing & Homes
Project Title	BMHT new starts 2017-19	Project Code	Various
Project Description	<p>In December 2014, Cabinet approved a five-year development programme (2015-20) of around 2,000 new homes as part of the council's commitment to delivering new homes across the city. The Housing Revenue Account Business Plan 2017+ is based upon the delivery of new council stock, replacing homes lost due to planned clearance and Right to Buy.</p> <p>The five-year programme proposed various development sites including an assumption of developing around 30 units per annum on former garage sites. Assumptions were made about potential windfall sites on un-used amenity land and open space identified in previous years and given some in-principle approval by ward councillors.</p> <p>This report seeks approval for a development programme starting in 2017/8 of around 107 units for rent and 24 for outright sale. The surpluses from all outright sale homes will provide a cross-subsidy to the homes for rent. The majority of these homes will be completed by March 2019.</p>		
Links to Corporate and Service Outcomes	<p>This project will make a direct contribution to both Corporate and Directorate outcomes, including the following:</p> <ul style="list-style-type: none"> • Housing: Providing homes at Social Rents to meet housing need across Birmingham • Children: Children and families will not live in poverty – Birmingham will be a “Living Wage City”. • Jobs and Skills: People will have the qualifications they need for work, including qualifications for school leavers and working age population skills. The BMHT programme links directly to the Building Birmingham Scholarship programme of supporting young people access higher education opportunities from low income households and building contracts will include the need to offer apprenticeships and local training opportunities. • Health – Providing modern, spacious, well heated and well insulated/ventilated homes. • Housing Revenue Account Business Plan 2017+ • Birmingham Development Plan (BDP). • Businesses will be growing and potentially new ones starting up. • Sustainability: The scheme will help make Birmingham more environmentally sustainable by providing energy efficient rented homes for people on lower incomes. • Homelessness Strategy 2012 		
Project Definition Document Approved by	Cabinet	Date of Approval	8 December 2014(BMHT Delivery Plan 2015-2020)

Benefits Quantification- Impact on Outcomes	Measure	Impact
	New homes built for affordable and social rent that will be made available to meet demand across the City.	107 properties will be built for social rent.
	New homes for sale.	24 new homes will be built for sale.
	Training and employment opportunities secured through the developments.	Up to 19 training /apprenticeship opportunities based on an assumption of £1m of contract value per full time apprenticeship.
Project Deliverables	The project will deliver 107 new homes for social rent and 24 new homes for sale. It will also provide up to 19 apprenticeship opportunities and provide around £0.66m of income to support the Building Birmingham Scholarship initiative.	
Scope	<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"> • An employers' agent (EA) has been appointed for the each site. • Detailed site investigations / utility / surveys completed. • 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 • Cost estimate reports have been produced for the development options by the EA. <p>The key elements within the scope of the project are set out below. The indicative timescale is as follows:</p> <ul style="list-style-type: none"> • Obtain Cabinet approval 19 September 2017. • Submit remaining Planning application submissions (ongoing) • Commence tender period for developer (September/October 2017). • Planning approvals secured by January 2018 • Appoint contractors via DPS by October 2017. • Appoint contractors via Find it in Birmingham by November 2017 and by competitive tender as set out in Appendix 5. • Undertake any associated/remaining demolition • Start on site development Feb-April 2018. • First completed rented property Autumn 2018. • First completed sale property (Autumn 2018). • Majority of schemes completed by March 2019. • All schemes finished by September 2019 	
Scope exclusions	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	

	<p>associated with these schemes has been accounted for in the scheme costs.</p> <p>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>	
Dependencies on other projects or activities	<p>Key dependencies include:</p> <ul style="list-style-type: none"> • Completion of all legal agreements/ building contracts. • Obtaining all planning consents. • Demolition (where necessary) • Appointment of Contractor Partners. • Infrastructure works and highways agreements. • Advertise loss of public open space/consideration of consultation responses.. 	
Achievability	<p>Birmingham City Council is an award winning developer of mixed use residential housing developments delivered through its Birmingham Municipal Housing Trust (BMHT) model.</p> <p>BMHT was set up by the Council in 2009 to build new council homes. Since 2009, the BMHT has developed over 2500 new homes for rent and for sale. BMHT has a proven track record on delivery and established itself as the biggest house builder in Birmingham in 2016-17 by completing 318 properties which is around 20-25% of all new homes built each year in Birmingham.</p>	
Project Manager	<p>Steve Dallaway, Housing Development Manager, Economy Directorate. T: (0121) 303 7879 steve.dallaway@birmingham.gov.uk</p>	
Budget Holder	<p>Clive Skidmore, Head of Housing Development. T: 303 3341 clive.skidmore@birmingham.gov.uk</p>	
Sponsor	<p>Waheed Nazir, Corporate Director, Economy waheed.nazir@birmingham.gov.uk</p>	
Project Accountant	<p>Nick Ward, Finance Manager, City Finance T:464 4282 nick.ward@birmingham.gov.uk</p>	
Project Board Members	<p>Waheed Nazir, Corporate Director, Economy waheed.nazir@birmingham.gov.uk</p> <p>John Jamieson, Head of Asset Management and Maintenance, T: 303 9420 john.jamieson@birmingham.gov.uk</p> <p>Clive Skidmore, Head of Housing Development. T: 303 3341 clive.skidmore@birmingham.gov.uk</p> <p>Tracey Radford, Head of Housing Management, T: 303 5683 tracey.radford@birmingham.gov.uk</p> <p>Guy Olivant, Head of City Finance T: 303 4752 guy.olivant@birmingham.gov.uk</p>	
Head of City Finance (HoCF)	<p>Guy Olivant, Head of City Finance - T: 303 4752 guy.olivant@birmingham.gov.uk</p>	<p>Date of HoCF Approval:</p> <p>August 2017</p>

Key Inputs			
Construction		Running Costs, etc.	
Site Assembly	£0.19m	Weekly rent	£78 - £152
Total Build Costs (including fees and pre contract costs, excluding site assembly)	£18.59m	Rent loss - voids / arrears	3.0%
		Annual rent increase	-1.0% until 2019/20 then 3.0% ongoing
Total Sales Income	£2.48m	Management Costs	£719
RTB Activity	None	Repairs Costs	£915
Key Outputs		Capital Works (5-yearly)	£4,588
(Surplus) / Deficit after 30 years	£(14.07)m	Annual Cost Increase	2.5% (CPI 2.0%)

HRA Extract	2017/18	2018/19	2019/20	2020/21	2021/22	Total Year 0 to Year 30
	Year 1	Year 2	Year 3	Year 4	Year 5	
	£m	£m	£m	£m	£m	
Rental Income	0.00	(0.14)	(0.60)	(0.63)	(0.65)	(26.40)
Voids and arrears	0.00	0.00	0.02	0.02	0.02	0.77
Repairs and Maintenance	0.00	0.02	0.10	0.11	0.11	4.12
Management Costs	0.00	0.02	0.08	0.08	0.08	3.24
Cash-backed Depreciation	0.00	0.09	0.10	0.11	0.11	4.20
HRA Deficit / (Surplus) Contribution	0.00	(0.01)	(0.30)	(0.31)	(0.33)	(14.07)
Revenue contributions from wider HRA (to fund capital investment shown below)	0.00	(6.02)	0.00	0.00	0.00	(6.02)
Net HRA Impact	0.00	6.01	(0.30)	(0.31)	(0.33)	(8.05)

Capital Account	2017/18	2018/19	2019/20	2020/21	2021/22	Total Year 0 to Year 30
	Year 1	Year 2	Year 3	Year 4	Year 5	
	£m	£m	£m	£m	£m	£m
Pre Contract Costs	0.48	0.00	0.00	0.00	0.00	0.48
Site Assembly	0.19	0.00	0.00	0.00	0.00	0.19
Build Costs (including Fees)	0.97	16.70	0.44	0.00	0.00	18.11
Total Development Costs	1.64	16.70	0.44	0.00	0.00	18.78
Capital Investment / Renewals ¹	0.00	0.00	0.00	0.00	0.41	4.20
Other Capital Financing (RTB 1-4-1 / possible grant funding / Affordable Housing S106 / General RTB Receipts)	(1.64)	(8.52)	(0.12)	0.00	0.00	(10.28)
Revenue Contributions from wider HRA	0.00	(6.02)	0.00	0.00	0.00	(6.02)
Receipts	0.00	(2.16)	(0.32)	0.00	0.00	(2.48)
Cyclical Maintenance Reserve Release	0.00	0.00	0.00	0.00	(0.41)	(4.20)
Total Capital Income	(1.64)	(16.70)	(0.44)	0.00	0.00	(18.78)
Capital Account (Surplus) / Deficit	0.00	0.00	0.00	0.00	0.00	0.00

Balance Sheet Extract	2017/18	2018/19	2019/20	2020/21	2021/22	2046/47
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 30
	£m	£m	£m	£m	£m	£m
Land & Buildings	0.00	17.39	19.37	19.86	20.35	37.74
Cyclical Investment Reserve	0.00	0.09	0.20	0.30	0.41	0.95
Capital Reserve	0.00	(17.48)	(19.57)	(20.16)	(20.76)	(38.69)
Net	0.00	0.00	0.00	0.00	0.00	0.00

Properties	2017/18	2018/19	2019/20	2020/21	2021/22	Total Year 0 to Year 30
	Year 1	Year 2	Year 3	Year 4	Year 5	
Social Rent Properties	0	99	8	0	0	107
Sale Properties	0	24	0	0	0	24
Total Properties	0	123	8	0	0	131

Note:

1. Formal approval to the ongoing capital investment / renewals programme (at a total value of £4.2 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 2 – CONSULTATION SUMMARY WARD COUNCILLORS

No.	Site Location	Ward	Member's Responses
	Bean Croft B32 3TG Des Flood Bruce Lines John Lines	BARTLEY GREEN	Members and residents consulted in July 2016. Scheme has been redesigned as bungalows at Ward Members request.
	Birchfield Gateway B20 3JS Mahmood Hussain Hendrina Quinnen Waseem Zafar	LOZELLS & EAST HANDSWORTH	Members were consulted on (and have fully supported) the re- generation of Birchfield Gateway. This is the final phase of development and all three members were consulted as part of the planning consultation process. Planning approval was granted in March 2015. Correspondence re affirming the Councils intention to bring forward Phase 2 in 2017/8 was sent to all three ward councillors in August 2017.
	Burnel Road B29 5SR Des Flood Bruce Lines John Lines	BARTLEY GREEN	Presented to Bartley Green Ward Committee July 2016. Councillor John Lines responded on behalf of all 3 Members indicating that they are ok with the scheme.
	Clissold Street B18 7HL Chaman Lal Sybil Spence Sharon Thompson	SOHO	Councillors Lal, Spence and Thompson advised they support the proposed development in August 2015. Planning approval obtained 14/4/2016
	Cradley Croft B21 8HP Gurdial Singh Atwal; Paulette Hamilton; Narinder Kaur Kooner	HANDSWORTH WOOD	Councillors Hamilton, Atwal and Kaur Kooner advised they support the proposed development May 2017.
	Ebrook Road B72 1NY Ewan Mackey David Pears Margaret Waddington JP	SUTTON TRINITY	Councillor Mackey has responded on 13/7/17 to support the scheme as outright sale.

	Erasmus Road, B11 1RL Victoria Quinn Tony Kennedy Mohammed Azim	SPARKBROOK	Councillors Quinn, Kennedy and Azim consulted and advised they support the development May 2017.
	Fleming Road B32 1ND Kate Booth John Clancy Matthew Gregson	QUINTON	Councillor Gregson advised he supports the development February 2017.
	Finsbury Grove B23 6LF Robert Alden Bob Beauchamp Gareth Moore	ERDINGTON	Councillors Moore and Alden have advised they support the development in July 2015 and February 2016. Planning approval obtained 31/3/2016
	Grosvenor Road B20 3NW Mahmood Hussain Hendrina Quinnen Waseem Zafar	LOZELLS & EAST HANDSWORTH	Councillor Quinnen advised that all three Members support the proposed development February 2017.
	Hospital Street B19 2NJ Ziaul Islam Muhammad Afzal Nagina Kauser	ASTON	Councillors Islam and Kauser advised they support the proposed development April 2017.
	Kingsbury Road B24 8QX Mick Finnegan Josh Jones Penny Holbrook	STOCKLAND GREEN	Councillor Holbrook advised in July 2015 she supports the proposed development. Planning approval obtained 31/3/2016
	Langley Hall Road B75 7NG Margaret Waddington JP Ewan Mackey David Pears.	SUTTON TRINITY	Councillors Pears and Waddington advised they support the proposed development July 2015. Planning approved 15/6/2017

	Lutley Grove B32 3PN Des Flood Bruce Lines John Lines	BARTLEY GREEN	Councillor John Lines and Flood have advised they support the proposed development March and April 2017. Planning approved 28/4/2016
	Montgomery Street Sparkbrook B11 1EN Victoria Quinn Tony Kennedy Mohammed Azim.	SPARKBROOK	Correspondence with all three Members has taken place between September 2015 and January 2017 and all are supportive. Planning approval obtained 5/1/17
	Northleigh Road B8 2DH Diane Donaldson Majid Mahmood Fiona Williams.	HODGE HILL	Councillors Donaldson and Mahmood have advised they support the proposed development February 2017. Planning approved 31/3/2016
	Posey Close B21 8HS Gurdial Singh Atwal; Paulette Hamilton; Narinder Kaur Kooner	HANDSWORTH WOOD	Councillors Atwal and Kaur Kooner have advised they support the proposed development May 2017.
	Selcroft Avenue B32 2BX Kate Booth John Clancy Matthew Gregson	QUINTON	Councillor Booth has advised she supports the proposed development July 2017. Councillor Gregson wishes to observe what support is given by residents when the formal planning application process is conducted due to parking issues locally.
	Shard End Crescent B34 7AD Marje Bridle John Cotton Ian Ward	SHARD END	Councillor Bridle has advised she supports the proposed development April 2017.
	The Leverretts B21 8HJ Gurdial Singh Atwal; Paulette Hamilton; Narinder Kaur Kooner	HANDSWORTH WOOD	Councillor Atwal advised February 2017 he supports the development.

	Ventnor Avenue B19 2JQ Ziaul Islam Muhammad Afzal Nagina Kauser	ASTON	Councillor Islam and Kauser have advised they support the proposed development April 2017.
	Ward End Park Road B8 3PH Ansar Ali Khan Mariam Khan Mohammed Idrees	WASHWOOD HEATH	Councillors Idrees and A. Khan have advised they support the proposed development July 2017.

APPENDIX 3 – PROPOSED SCHEMES AND FORMER LAND USE

Scheme Address	Ward	Former Land Use	Proposed units	Status
Erasmus Road	Sparkbrook	Unsurfaced car park/amenity land	15 social rent	Planning Application submitted July 2017
Ventnor Avenue	Aston	Former public house acquired with HMRA resources	8 social rent	Awaiting Planning Submission
Fleming Road	Quinton	Former municipal depot	4 social rent	Awaiting Planning Submission
Grosvenor Road	Lozells and East Handsworth	Slum clearance of unfit dwellings	2 social rent	Awaiting Planning Submission
The Leverretts	Handsworth Wood	Former garage sites	4 social rent	Awaiting Planning Submission
Posey Close	Handsworth Wood	Amenity land	8 social rent	Awaiting Planning Submission
Cradley Croft	Handsworth Wood	Amenity land	3 social rent	Awaiting Planning Submission
Shard End Crescent	Shard End	Housing Clearance (approved 2016) of walk up flats	7 social rent	Awaiting Planning Submission
Bean Croft	Bartley Green	Former public house	6 social rent	Awaiting Planning Submission
Burnel Road	Bartley Green	Slum clearance of unfit dwellings	10 social rent	Planning Application submitted 20/6/17
Selcroft Avenue	Quinton	Amenity land	9 social rent (across 2 sites)	Planning Approved 3/8/17.
Ebrook Road	Sutton Trinity	Former garages	6 outright sale – via Forward Homes	Planning Application submitted 15/8/17
Birchfield Gateway (Phase 2)	East Handsworth and Lozells	Former clearance of high rise blocks	18 outright sale – subject to tender	Planning Approved
Clissold Street	Soho	Former garages	2 social rent	Planning Approved.
Northleigh Road	Hodge Hill	Former garages	2 social rent	Planning Approved
Finsbury Grove	Erdington	Former garages	3 social rent	Planning Approved.
Kingsbury Road	Stockland Green	Former garages	2 social rent	Planning Approved.

Lutley Grove	Bartley Green	Former garages	2 social rent	Planning Approved.
Langley Hall Road	Sutton Trinity	Former garages	4 social rent	Planning Approved.
Ward End Park Road	Washwood Heath	Former municipal depot	16 social rent	Planning Application submitted

Appendix 4

BMHT Rent Programme 2017/18 to 2020/21					
	Completions planned 2017/18	Completions planned 2018/19	Completions planned 2019/20	Completions planned 2020/21	Total
Schemes Approved					
Kings Norton	18	25	46	56	145
Lyndhurst	60	25	0	0	85
Meadway	10	58	0	0	68
Perry Common	77	0	0	0	77
Other Schemes	182	39	0	0	221
Total - Schemes Approved	347	147	46	56	596
FBC Schemes					
Erasmus Road	0	15	0	0	15
Ventnor Avenue	0	8	0	0	8
Fleming Road	0	4	0	0	4
Grosvenor Road	0	2	0	0	2
The Leveretts	0	4	0	0	4
Posey Close	0	8	0	0	8
Cradley Croft	0	3	0	0	3
Shard End Crescent	0	7	0	0	7
Bean Croft	0	6	0	0	6
Burnel Road	0	10	0	0	10
Selcroft Avenue	0	9	0	0	9
Clissold Street	0	2	0	0	2

Northleigh Road	0	2	0	0	2
Finsbury Croft	0	3	0	0	3
Kingsbury Road	0	2	0	0	2
Lutley Grove	0	2	0	0	2
Langley Hall Road	0	4	0	0	4
Ward End Park Road	0	8	8	0	16
Total - FBC Schemes	0	99	8	0	107
Total - Approved Schemes and Schemes included in this FBC	347	246	54	56	703
Schemes being worked up to FBC stage	0	36	273	304	613
Total	347	282	327	360	1,316

PROCUREMENT STRATEGY

BIRMINGHAM MUNICIPAL HOUSING TRUST, HOUSING DEVELOPMENT PROGRAMME 2017-2019

1 **Background and Service Requirements**

- 1.1 The procurement strategy for schemes involving less than 15 units was agreed as part of the Cabinet Report dated 28th June 2016 – Supporting Small and Medium Enterprises – A Tender Strategy for Establishing the BMHT Dynamic Purchasing System.
- 1.2 For schemes over 15 units further to paragraph 5.2 in the Public Report this appendix identifies the proposed procurement strategy.

2 **Market Analysis**

- 2.1 The market for house builders is mature and made up of companies ranging from local Small and Medium Enterprises who generally build smaller developments from single units upwards, to large multi-national organisations normally associated with volume house building.

3 **Strategic Procurement Options**

The procurement options considered were as followed;

- 3.1 Tender each site on an individual basis – this would not be a prudent use of Council funds due to the time and resource required and the impact on the HRA Business Plan. Also, this option would be time-consuming for potential tenderers.
- 3.2 Tendering a Birmingham Only Contract - this is the recommended option as it gives the Council the most flexibility in specifying the Council's requirements.
- 3.3 Use of a collaborative framework agreement - There is a framework agreement currently in place led by the Homes and Communities Agency (HCA). This option was rejected as this does not provide the flexibility to specify the Council's specific requirements.

4 **Procurement Approach**

4.1 **Duration and Advertising Route**

The contract will be for a period of 3 years commencing April 2017 with the option to extend for a further 2 years. The opportunity will be advertised in the Official Journal of the European Union (OJEU), Contracts Finder and on www.finditbirmingham.com.

4.2 Procurement Route

The requirement will be tendered using the 'open' procedure.

4.3 Scope and Specification

4.3.1 The contracts will be let as individual lots (site) with a range of dwellings over 15 units. The forms of contract 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.

4.3.2 Tenderers may be awarded one or more of the Lots (site) and can bid for as many Lots as they desire, subject to the turnover and capability criteria as set out in the tender documentation.

4.4 Evaluation and Selection Criteria

The evaluation criteria for the ITT stage will be as follows:

STAGE 1		
		Scoring
Section 2A – Part 1	Supplier Information & Lot Selection	Pass/Fail
Section 2A – Part 2	Grounds for Mandatory Exclusion	Pass/Fail
Section 2A – Part 3	Grounds for Discretionary Exclusion Section 1	Pass/Fail
Section 2A – Part 4	Grounds for Discretionary Exclusion Section 2	Pass/Fail
Section 2A – Part 5	Economic & Financial Standing	Pass/Fail
Section 2A – Part 6	Technical & Professional Ability	Pass/Fail
Section 2A – Part 7	Additional ITT Questions <ul style="list-style-type: none">• Environmental Management• Insurance• Compliance with Equalities Duties• Health & Safety• Social Value, BBC4SR & Living Wage	Pass/Fail Pass/Fail Pass/Fail Pass/Fail Pass/Fail
Section 2A – Part 8	Tender Statement	Pass/Fail

Tenderer's submissions that passed the criteria above proceeded to the next stage of the assessment.

The proposed Quality, Social Value and Price Split is detailed below:

Stage 2 - Quality (30%)

Sub-Criteria	Sub Weighting
Technical Competency	20%
Design Quality & Specification	10%
Management of the Programme	25%
Organisational Management & Resources	20%
Health & Safety	25%
Total	100%

Tenderers who score less than 60% of the quality threshold i.e. a score of 300 out of a maximum quality score of 500 will be excluded from taking any further part in the process.

Stage 3 – Social Value (10%)

The Council's policy for the evaluation of social value permits the selection of the principles most relevant to the service. The following principles will form part of the criteria;

Sub-Criteria	Sub-Weighting
Local Employment	40%
Buy Birmingham First	30%
Partners in Communities	30%
TOTAL	100%

Tenderers who score less than 40% of the social value threshold i.e. a score of 200 out of a maximum social value score of 500 may not take any further part in the process. Tenderers who score nil in response to any question may be excluded from the process.

Stage 4 - Pricing (60%)

Tenderers will be expected to state prices against a pre-determined model based on the specification as detailed in the requirements. The pricing assessment will be based on the charges applied to users of the service.

Overall Evaluation

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

Sourcing Strategy

It is proposed that one contractor per site will be awarded a contract.

Evaluation Team

The evaluation of the tenders will be undertaken by the Development Manager, BMHT and supported by the Head of Procurement, CPS.

Implementation Plan (Indicative)

Approval of FBC and Procurement Strategy	September 2017
Advertise opportunity and issue of tender pack	November 2017
ITT Deadline Submission	January 2018
Evaluation Period	January 2018
Delegated Approval of Contract Awards	February 2018
Contract Award & Mobilisation	February/March 2018
Contract Start	1 April 2018

Service Delivery Management

The contract will be managed operationally within BMHT.