

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET
Report of:	Corporate Director, Economy
Date of Decision:	24 October 2017
SUBJECT:	HOUSING INFRASTRUCTURE FUND BIDS
Key Decision: Yes	Relevant Forward Plan Ref:
If not in the Forward Plan: (please "X" box)	Chief Executive approved X
Relevant Cabinet Member:	O&S Chair approved X
Relevant O&S Chair:	Councillor Ian Ward, Leader
Wards affected:	Councillor Victoria Quinn, Housing and Homes All

1. Purpose of report:

- 1.1 To seek retrospective approval for submission of two bids to the Housing Infrastructure Fund (HIF) Marginal Viability Fund (MVF) from the City Council for a total amount of £11.4m to assist in the delivery of 1,177 new homes.
- 1.2 This matter was not included in the Forward Plan because of the short timescales involved in preparing the funding bids for submission on 28th September 2017 and consideration of the West Midlands Combined Authority's bidding approach to the HIF, which did not emerge until deadlines for Cabinet reports had passed.

2. Decision(s) recommended:

That the Cabinet:-

- 2.1 Retrospectively approves the submission of two bids to the Housing Infrastructure Fund (HIF) Marginal Viability Fund (MVF) totalling £11.4m as a means of supporting the delivery of new housing in the city in East Birmingham (Acocks Green, Former Yardley Sewage Works and Bromford Estate) and Druid's Heath.
- 2.2 Notes that if successful with this MVF bid, the City Council will be informed in late 2017 or early 2018 at which point a Full Business Case report will be presented for Cabinet approval before any funding is accepted.

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3. Consultation

3.1 Internal

The Chief Executive and the Chair of the Housing and Homes Overview and Scrutiny Committee have agreed, as per the Constitution, this report can be submitted to this meeting.

The housing sites contained in the funding bids are housing allocations in the Birmingham Development Plan (BDP) and identified sites in the Strategic Housing Land Availability Assessment. The BDP was subject to extensive internal consultation over a number of years. The BDP was adopted at full Council on 10 January 2017. All council members would have been consulted on the plan during its preparation. Officers from Birmingham Property Services, Highways, Parks and Leisure, Regulatory Services, Housing, Transportation, Public Health and Local Services have been involved in the development of the BDP.

3.2 External

The housing sites in the BDP have been subject to extensive public consultation over a period of years during the course of the Plan's preparation. Many of those making comments were able to present their views directly to the Inspector during the examination hearings. There were no objections in relation to the specific sites included in the funding bid.

4. Compliance Issues:

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

The bids have been prepared in the context of the policies of the adopted BDP, and contributes to the Council's Vision and Forward Plan 2017 specifically: Housing – A great place to live in.

4.2 Financial Implications

4.2.1 The two MVF bids are, East Birmingham sites estimated at £8.2m, and Druids Heath estimated at £3.2m.

4.2.2 The bids have been prepared using existing Planning and Development staff resources and the Homes and Communities Agency (HCA) has provided support and funding for feasibility studies / cost plans. There are no direct financial implications to the City Council arising from the submission of the bids. The bids do not commit the City Council to providing match-funding although, para 5.7 lists potential non-City Council match-funding that could be used to support these schemes.

4.2.3 A small number of grant conditions will apply, i.e. the money is to be spent on capital schemes, the scheme will be delivered by a date to be agreed, any costs saved or recovered by the local authority will be available to be used to deliver further housing in the city, and regular reporting on progress will be required.

4.3 Legal Implications

The Council has general power of Competence under Section 1 of the Localism Act 2011 and it is using this to submit funding bids. If successful, the grant of funds will support the delivery of the housing sites allocated in the BDP.

4.4 Public Sector Equality Duty

The BDP was accompanied by an Equalities Analysis (EA001298). There were no adverse impacts on any of the protected groups identified

5. **Relevant background/chronology of key events:**

- 5.1 The HIF is a Government (Department of Communities and Local Government) capital grant programme of up to £2.3 billion, for new physical infrastructure (including land assembly and remediation) which will unlock new homes. Two funding streams are available:
- Marginal Viability Fund (MVF) (bids up to £10m). Open to all single and lower tier authorities (e.g. the City Council).
 - Forward Fund (FF) (bids up to £250m). Bids must be submitted by the West Midlands Combined Authority.
- 5.2 All bids had to be ranked in order of priority. When assessing bids, DCLG will look at the highest priority first. The guidance dissuades local authorities from bundling lots of different proposals together unless they make cohesive and strategic sense. All bids had to be submitted and signed off by the relevant Section 151 officer at either City Council (for MVF) or West Midlands Combined Authority (WMCA) (for FF) level.
- 5.3 Bids must demonstrate that the schemes cannot happen without the financial support of the HIF and show a clear link between the infrastructure to be funded and the homes that will be unlocked. Funding must be committed by March 2021. There is no requirement for match funding.
- 5.4 Business Cases had to be submitted for MVF bids and Expressions of Interest for FF bids by 28 September 2017. MVF will be awarded late 2017/ early 2018 and FF in the summer of 2018. The City Council has submitted two MVF bids in the following order of priority:
- 1. East Birmingham - 907 new homes across three sites:**
- Bromford Estate – 225 units – £2.7m for flood defence/alleviation works.
 - Yardley Sewage Works – 273 units – current HIF funding requested is £2.5m for remediation and relocation of 132kv electricity cable.
 - Acocks Green – 409 units – £3m highway works, remediation, connectivity and acquisitions.
 - **Total amount of bid - £8.2m.**

2. Druids Heath Estate – 270 new homes.

Druids Heath is a large municipal housing estate located on the outer fringes of the City. Identified as a priority housing regeneration in the BDP. Phase 1 will deliver 270 new homes, with future phases providing another 200. Funding will contribute towards demolition of existing high rise blocks and the surplus Baverstock School to accommodate new housing. **Total amount of bid - £3.2m.**

- 5.5 In addition, the WMCA has submitted a combined Forward Funding bid for 4 growth areas including Greater Icknield/Smethwick, and Perry Barr (the other two being Coventry A46 and Balsall Common in Solihull).
- Perry Barr – 4,781 new homes on sites focussed around the District Centre supported by major infrastructure investment. The former Birmingham City University campus and adjoining sites – in a range of public and private ownerships – are proposed to be utilised for the athletes' village as part of the bid for the 2022 Commonwealth Games. This development will form the first phase of more significant development at Perry Barr. Infrastructure to be funded includes acquisitions, major highway projects, rail, bus and Sprint bus works, and improvements to the public realm. Total amount bid for - £143.5m.
 - Within Greater Icknield there are plans for 3,500 new homes across 5 key sites comprising 49ha. There are a further 2,000 new homes proposed in Smethwick within the area of Sandwell Metropolitan Borough Council. The infrastructure to be funded includes contributions to improvements to Dudley Road, a new school in Birmingham and a cross boundary heat network. Sandwell are also asking for funding towards facilitating the delivery of sites on Grove Lane and a further new school. The heat network costs are currently the subject of a jointly commissioned study funded by the Government's Heat Network Delivery Unit and will be defined before a final bid is required in March. The total funding requested is £21m for City Council specific projects and £10m funding requested for the heat network.
- 5.6 Across these schemes there are elements of potential match funding which will be incorporated into Full Business Cases as and when confirmed:
- Perry Barr – a bid to the WMCA's land remediation fund is being prepared. In terms of delivering the Commonwealth Games Village, the use of Community Infrastructure Levy is also under consideration. LGF has been secured to support the development of the bus interchange. The HIF bid includes a local contribution to Sprint, complementing the £29.8m allocated through the HS2 connectivity package.
 - East Birmingham
Yardley – Asset Accelerator and WMCA Land Remediation Fund bids.
Bromford – Environment Agency contribution to flood defence works.
Acocks Green – HCA have acquired / are acquiring sites plus some Section 106 funding for enhancements to rail station (£0.075m).
 - Druids Heath has secured funding from the HCA for the master planning process. This is for the sum of £0.150m.
 - Greater Icknield – the proposed secondary school scheme has secured funding from the Icknield Port Loop development through a Section 106 agreement of between £1.2m and £4.35m. Up to £22.4m has been provisionally secured from the Local Growth Fund for the original scheme cost of £30m. This is subject to a major scheme

business case due for submission later this year to DfT. It is anticipated that this contribution will be revised down proportionally in relation to the reduced scheme cost.

6. Evaluation of alternative option(s):

- 6.1 Option 1 – do nothing. Without bidding for the HIF funding the housing sites will come forward at a slower rate.

7. Reasons for Decision(s):

- 7.1 To retrospectively approve the submission of bids to the HIF for MVF funding.

Signatures

Date

Cllr Ian Ward, Leader of the
Council

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Waheed Nazir, Corporate
Director, Economy

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List of Background Documents used to compile this Report:

Birmingham Development Plan 2031 (Adopted January 2017)
An Introduction to the Housing Infrastructure Fund – Department for Communities and Local Government.

List of Appendices accompanying this Report (if any):

1. Equality Analysis BDP

PROTOCOL PUBLIC SECTOR EQUALITY DUTY

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report at section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in the standard section (4.4) of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
 - (a) whether there is adverse impact upon persons within the protected categories
 - (b) what is the nature of this adverse impact
 - (c) whether the adverse impact can be avoided and at what cost – and if not –
 - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
 - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
 - the full equality impact assessment (as an appendix)
 - the equality duty – see page 9 (as an appendix).

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 The Council must, in the exercise of its functions, have due regard to the need to:
 - (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 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:
 - (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 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.
- 4 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:
 - (a) tackle prejudice, and
 - (b) promote understanding.
- 5 The relevant protected characteristics are:
 - (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