

Members are reminded that they must declare all relevant pecuniary and non-pecuniary interests relating to any items of business to be discussed at this meeting

BIRMINGHAM CITY COUNCIL

JOINT CABINET MEMBER AND CHIEF OFFICER

TUESDAY, 17 JANUARY 2017 AT 00:00 HOURS
IN CABINET MEMBERS OFFICE, COUNCIL HOUSE, VICTORIA
SQUARE, BIRMINGHAM, B1 1BB

A G E N D A

3 - 14

- 1 **REFURBISHMENT OF PROPERTIES AT MELBOURNE AVENUE AND PORCHESTER DRIVE, NEWTOWN FOR SHORT TERM USE AS TEMPORARY ACCOMMODATION**

Report Acting Strategic Director - Place

15 - 20

- 2 **HS2 BIRMINGHAM INTERCHANGE - UPDATE**

Report of Strategic Director, Major Programmes & Projects

P R I V A T E A G E N D A

- 3 **HS2 BIRMINGHAM INTERCHANGE - UPDATE (PRIVATE)**

Item Description

Report to:	THE CABINET MEMBERS FOR HOUSING AND HOMES AND FOR VALUE FOR MONEY AND EFFICIENCY JOINTLY WITH THE ACTING STRATEGIC DIRECTOR OF PLACE
Report of: Date of Decision:	JIM CRAWSHAW – HEAD OF HOUSING OPTIONS 16 January 2017
SUBJECT:	REFURBISHMENT OF PROPERTIES AT MELBOURNE AVENUE AND PORCHESTER DRIVE NEWTOWN FOR SHORT TERM USE AS TEMPORARY ACCOMMODATION – FULL BUSINESS CASE
Key Decision: No	Relevant Forward Plan Ref: N/A
If not in the Forward Plan: (please "tick" box)	Chief Executive Approved <input type="checkbox"/> O&S Chairman Approved <input type="checkbox"/>
Type of decision:	Executive
Relevant Cabinet Member:	Councillor Peter Griffiths, Cabinet Member for Housing and Homes Councillor Majid Mahmood, Cabinet Member for Value for Money & Efficiency
Relevant O&S Chairman:	Councillor Victoria Quinn – Housing and Homes and Councillor Mohammed Aikhlaq, Corporate Resources and Governance
Wards affected:	ASTON

1. Purpose of report:	
1.1	To seek approval to the Full Business Case to refurbish and bring back into short term use as temporary accommodation 44 properties at Melbourne Avenue and Porchester Drive, Newtown at an estimated cost of £0.995m. These properties are currently identified for future clearance as a part of the ongoing housing-led regeneration of Newtown.
2. Decision(s) recommended:	
	The Cabinet Members for Housing and Homes and for Value for Money and Efficiency jointly with the Acting Strategic Director for Place is recommended to:
2.1	Approve the Full Business Case for the refurbishment and bringing back into short term use for temporary accommodation of 44 properties at Melbourne Avenue and Porchester Drive, Newtown at an estimated cost of £0.995 million as attached at Appendix 1.
2.2	Approve service funded prudential borrowing (to be repaid over a 5 year period) of £ 0.898 million to fund the refurbishment costs of the properties.
2.3	Authorise the Head of Housing Options, to place orders with Wates Living Space up to the value of £0.995 million for refurbishment works to the properties utilising the existing Housing Repairs & Maintenance contract, with works to be managed through Wates Living Space.
2.4	Authorises the Acting City Solicitor to negotiate, execute, complete and seal all relevant documents necessary to give effect to the above recommendations.

3. Consultation
3.1 <u>Internal</u> 3.1.1 Ward members for Aston have been consulted on this proposal and support the recommendations coming forward for an executive decision 3.1.2 Officers in Place and Economy Directorates (Housing Options Service, Housing Development, Landlord Services), City Finance, Legal Services and Procurement have been involved in the preparation of this report.
3.2 <u>External</u> None.
4. Compliance Issues: <u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u> 4.1.1 The proposals are consistent with the Council Business Plan and Budget 2016+ which sets out the Council's key priorities, including "A Fair City: Health and wellbeing, housing quality and life expectancy are at national levels for all." This proposal will help tackle inequality and deprivation and promote social cohesion across all communities in Birmingham and ensure dignity, particularly for larger households with young children and support the safeguarding of children in that the proposal will allow fast access to house larger homeless families on a temporary basis pending a permanent solution. The provision of quality temporary accommodation supports the delivery of the Health and Well Being Strategy in regards to statutory homelessness and the delivery of the Councils' homelessness strategy.
4.1.3 <u>Birmingham Business Charter for Social Responsibility (BBCSR)</u> Compliance with the BBC4SR is a mandatory requirement that is embedded within the Housing Repairs and Maintenance Contract framework, which is to be used for the work to be undertaken in relation to the proposals within this report.

4.2 Financial Implications

- 4.2.1 The costs of bringing the 44 properties back into use is estimated to be no more than £0.995million, to be funded by a contribution from the HRA equivalent to the standard repairs cost for void properties (£0.097million), with the balance of £0.898million to be met from prudential borrowing funded by the Temporary Accommodation Service.
- 4.2.2 The proposals will generate a net revenue surplus for the Temporary Accommodation Service of £0.363 million between January 2017 and March 2022. This saving assumes that the prudential borrowing for the works is repaid over a 5 year period, and that the properties are handed back for demolition after March 2022. The service will also be enabled to avoid potential costs associated with the provision of alternative temporary accommodation in hotels of up to £7.927 million over the same period.
- 4.2.3 The proposals also represent a net revenue benefit to the HRA of £0.851 million over this period when compared to current planned approach of demolition with redevelopment currently scheduled to commence no earlier than 2022/23.
- 4.2.4 Aside from the financial considerations the over-riding factor for refurbishment of these properties is to accommodate those large families primarily from the local area in temporary accommodation rather than in bed and breakfast accommodation. The proposal will support the continued residence of homeless households from the immediate and surrounding areas remaining in temporary accommodation in the area pending resolution of their homeless status. This will ensure those families with children of school age can support the continued education of children in their current school and retain the support network which is so key to families at times of homelessness.
- 4.2.5 Full details of the financial implications of the proposed scheme are set out in the FBC at Appendix 1.

4.3 Legal Implications

The properties will continue to be held within the HRA as the longer term purpose for the holding of the asset is for the provision of social housing.

- 4.3..1 The Housing Options Service has a statutory duty under the Housing Act 1996 Part VII to accommodate households who have approached the Council as homeless.

4.4 Public Sector Equality Duty

- 4.4.1 An Equality Audit has not been deemed necessary for this refurbishment.

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

- 5.1 Birmingham City Council is currently experiencing extremely high demand for temporary accommodation, with in excess of 1,500 households currently in temporary accommodation.
- 5.2 The unmet demand for larger properties (with 4 or more bedrooms) is particularly stark, with 26 households entering temporary accommodation with a need for larger accommodation in August 2016 alone. The total number of households requiring homes with 4 or more bedrooms where a duty has been accepted but not yet discharged

currently stands at 566 households.

- 5.3 The limited supply of larger homes for temporary accommodation use has meant that the service is obliged to resort to placing households in B&B and Hotel accommodation, which can typically cost between £3,000 and £6,500 per month for each family. This compares to the maximum amount recoverable through housing benefit of £713 per month. The Council, through the Housing Benefit Subsidy regulations receives a maximum amount of £164.61, any rent charge above this amount is an immediate, unrecoverable loss to the Service. Rent on self-contained properties of the type in this report, is currently recovered in full through Housing Benefit subject to entitlement to welfare benefits.
- 5.4 The regeneration of Newtown has been ongoing over a number of years, with the development being undertaken in phases and including the provision of new housing for sale and rent, complementing extensive investment in retained HRA properties (including Manton & Reynolds Houses) and the provision of a new school. In preparation for future phases of the regeneration, vacant possession of 44 properties has already been secured through the HRA. Wates Living Space are being used to complete this work due to the geographical nature of the existing housing repairs contracts.
- 5.5 These properties are particularly suitable for use as temporary accommodation for larger households, but those currently owned by the Council are not currently in a habitable condition as they have had many facilities already removed in preparation for demolition. The Council has been acquiring these properties since 2012 and therefore some have remained uninhabited in excess of four years and have therefore deteriorated. Whilst detailed works schedules have not yet been finalised, it has been estimated that each property will require investment of in the region of £25,000 to allow use as temporary accommodation for a minimum five year period. Following the 5 year period it is anticipated that regeneration may then take place resulting in these properties being demolished.
- 5.6 This refurbishment is being undertaken by Wates Living Space as approved contractor under Lot 2 (West and Central) of the Housing Repairs and Maintenance Contract. There are three separate companies who are contracted to undertake this work and the work is divided on a geographical basis. Wates Living Space are responsible for the East and West of the city, which includes Newtown.

6. Evaluation of alternative option(s):

- 6.1 An alternative option is to demolish the properties, leaving an area of undeveloped land until such time as this phase of the regeneration of Newtown is undertaken. This would do nothing to alleviate existing pressures on the Temporary Accommodation Service, and would represent a missed opportunity for income generation to the HRA in the period before the regeneration takes place.
- 6.2 There is an option to do nothing however this is not deemed appropriate for the following reasons:
- The local area will still have a number of derelict buildings that will only deteriorate over time
 - The HRA would lose the ability to earn income from these properties
 - The Housing Options Service would have 44 households who would otherwise be placed in B&B accommodation at a significant cost

7. Reasons for Decision(s):

- 7.1 The proposed recommendation will achieve the twin objectives of reducing the financial pressures on the Temporary Accommodation Service and providing a modest supply of larger family units for temporary accommodation, whilst at the same time providing a short term income stream for the HRA until such a time as this phase of the regeneration of Newtown is progressed.

Signatures (or relevant Cabinet Member approval to adopt the Decisions recommended):

Jacqui Kennedy
Acting Strategic Director of Place:

..... Dated:.....

Councillor Peter Griffiths
Cabinet Member for Housing and Homes:

..... Dated:.....

Councillor Majid Mahmood
Cabinet Member for Value for Money & Efficiency

..... Dated:.....

List of Background Documents used to compile this Report:

List of Appendices accompanying this Report (if any):

1. Full Business Case

Full Business Case (FBC)			
1. General Information			
Directorate	Place	Portfolio/Committee	Housing & Homes
Project Title	Refurbishment of properties at Melbourne Avenue & Porchester Drive Newtown for use as temporary accommodation	Project Code	
Project Description	The refurbishment of 44 properties held in (or to be acquired by) the HRA, for use as temporary accommodation, until such time as the relevant phase of the regeneration of Newtown commences.		
Links to Corporate and Service Outcomes	<p><i>A key outcome required by the service is to reduce the use of B&B type accommodation. With the number of households living in Temporary Accommodation this places a significant budgetary pressure on the general fund.</i></p> <p><i>The proposals are consistent with the Council Business Plan and Budget 2016+ which sets out the Council's key priorities, including "A Fair City: Health and wellbeing, housing quality and life expectancy are at national levels for all." This proposal will help tackle inequality and deprivation and promote social cohesion across all communities in Birmingham and ensure dignity, particularly for larger households with young children and support the safeguarding of children in that the proposal will allow fast access to house larger homeless families on a temporary basis pending a permanent solution.</i></p>		
Project Definition Document Approved by	N/A	Date of Approval	N/A
Benefits Quantification- Impact on Outcomes	Measure		Impact
	Properties brought back into use		44 properties currently held as "void pending demolition"
	Larger properties made available for Temporary Accommodation (TA)		44 4 bedroom properties made available as TA
	Revenue benefits to HRA and general fund		Properties let by the HRA and therefore income received and a reduction in B&B use
	Significant Cost Avoidance		The cost of B&B accommodation is significant particularly for large families
Project Deliverables	See above		
Scope	<ul style="list-style-type: none"> The refurbishment of 44 properties in Melbourne Avenue and Porchester Drive, Newtown Use of these properties as Temporary Accommodation 		
Scope exclusions	<ul style="list-style-type: none"> Acquisition of properties by the HRA Clearance / demolition of the properties 		

	<ul style="list-style-type: none"> • Construction of replacement properties • Capacity within Wates Living Space to undertake the project 		
Dependencies on other projects or activities	Sourcing and allocation of households requiring temporary accommodation of the size and type offered		
Achievability	Wates Living Space, as the Housing R&M contractor for West and Central, have the skills and resources to undertake this work in a timely fashion.		
Project Manager	Andy Perry Senior Service Manager – Housing Options Andrew.perry@birmingham.gov.uk		
Budget Holder	Jim Crawshaw Head of Housing Options Jim.crawshaw@birmingham.gov.uk		
Sponsor	Rob James Service Director – Housing Transformation		
Project Accountant	Guy Olivant – Head of City Finance (Housing) Guy.olivant@birmingham.gov.uk 0121 303 4752		
Project Board Members	<i>Martin Tolley</i>		
Head of City Finance (HoCF)	Guy Olivant	Date of HoCF Approval:	

2a. Budget Summary – General Fund					
	2016/17	2017/18	2018/19	Future Years	Totals
	£'000	£'000	£'000	£'000	£'000
Capital Costs & Funding					
<u>Expenditure:</u> Refurbishment Costs (including contingency and fees)	995	-	-	-	995
Totals	995	0	0	0	995
Funding					
Contribution from HRA	(97)	-	-	-	(97)
Prudential Borrowing	(898)	-	-	-	(898)
Totals	(995)	0	0	0	(995)
Revenue Consequences					
Rental Income (net of voids)	(122)	(487)	(487)	(1,461)	(2,557)
Rent Payable to HRA	54	216	214	655	1,139
Void Council Tax	1	3	3	7	14
Management Costs	4	14	14	43	75
Prudential Borrowing Costs	-	193	193	580	966
Totals	(63)	(61)	(63)	(176)	(363)

2b. Budget Summary – HRA					
	2016/17	2017/18	2018/19	Future Years	Totals
	£'000	£'000	£'000	£'000	£'000
Revenue Consequences					
Rental Income	(54)	(216)	(214)	(655)	(1,139)
Repairs / Servicing Costs	6	24	24	73	127
Contribution to Refurbishment Costs	97	-	-	-	97
Management Costs	3	12	12	37	64
Totals	52	(180)	(178)	(545)	(851)

Planned Start date for delivery of the project	January 2017	Planned Date of Technical completion	June 2017
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BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	Leader of the Council and Strategic Director, Major Programmes & Projects – Corporate Resources
Report of: Date of Decision:	Strategic Director, Major Programmes & Projects December 2016
SUBJECT:	HS2 BIRMINGHAM INTERCHANGE – UPDATE
Key Decision: No	Relevant Forward Plan Ref: N/A
If not in the Forward Plan: (please "tick" box)	Chief Executive Approved <input type="checkbox"/> O & S Approved <input type="checkbox"/>
Relevant Cabinet Member:	Councillor John Clancy - Leader of the Council
Relevant O&S Chairman:	Councillor Zafar Iqbal, Economy, Skills and Transportation O&S Committee
Wards affected:	Outside Boundary

1. Purpose of report: 1.1 This report seeks to update the Cabinet Member on the progress made in supporting the HS2 Interchange station development and the sustainable inclusive economic growth at the adjoining Arden Cross site. 1.2 The subject property is shown edged black on the enclosed plan at appendix 1. 1.3 An accompanying Private Report contains confidential information on the disposal.	
2. Decision(s) recommended: The Leader of the Council : 2.1 Note the progress made.	
Lead Contact Officer:	Shaun Gale – Business Manager Birmingham Property Services
Telephone No: E-mail address:	0121 303 3488 shaun.gale@birmingham.gov.uk

3. Consultation

3.1 Internal

The site is outside the City boundary.

The Strategic Director – Finance & Legal, the Acting City Solicitor and other relevant officers from the Economy and Place Directorates have been involved in the preparation of this report.

3.2 External

No external consultation has taken place regarding the content of this report.

4. Compliance Issues:

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

The proposal contributes towards the strategic outcomes outlined in the Council's Business Plan and Budget 2016+, specifically to help deliver a balanced budget and contribute to the Council's plan to rationalise its property portfolio as part of its asset management programme.

4.2 Financial Implications

The disposal of this asset will generate capital receipts or rental income for the Council to help support the Council Business Plan and Budget, and contribute to key business priorities.

4.3 Legal Implications

The Council's powers to reorganise and manage assets in land and property are set out in Sections 120 and 123 Local Government Act 1972 and cost commitment incidental thereto is authorised by Section 111 Local Government Act 1972.

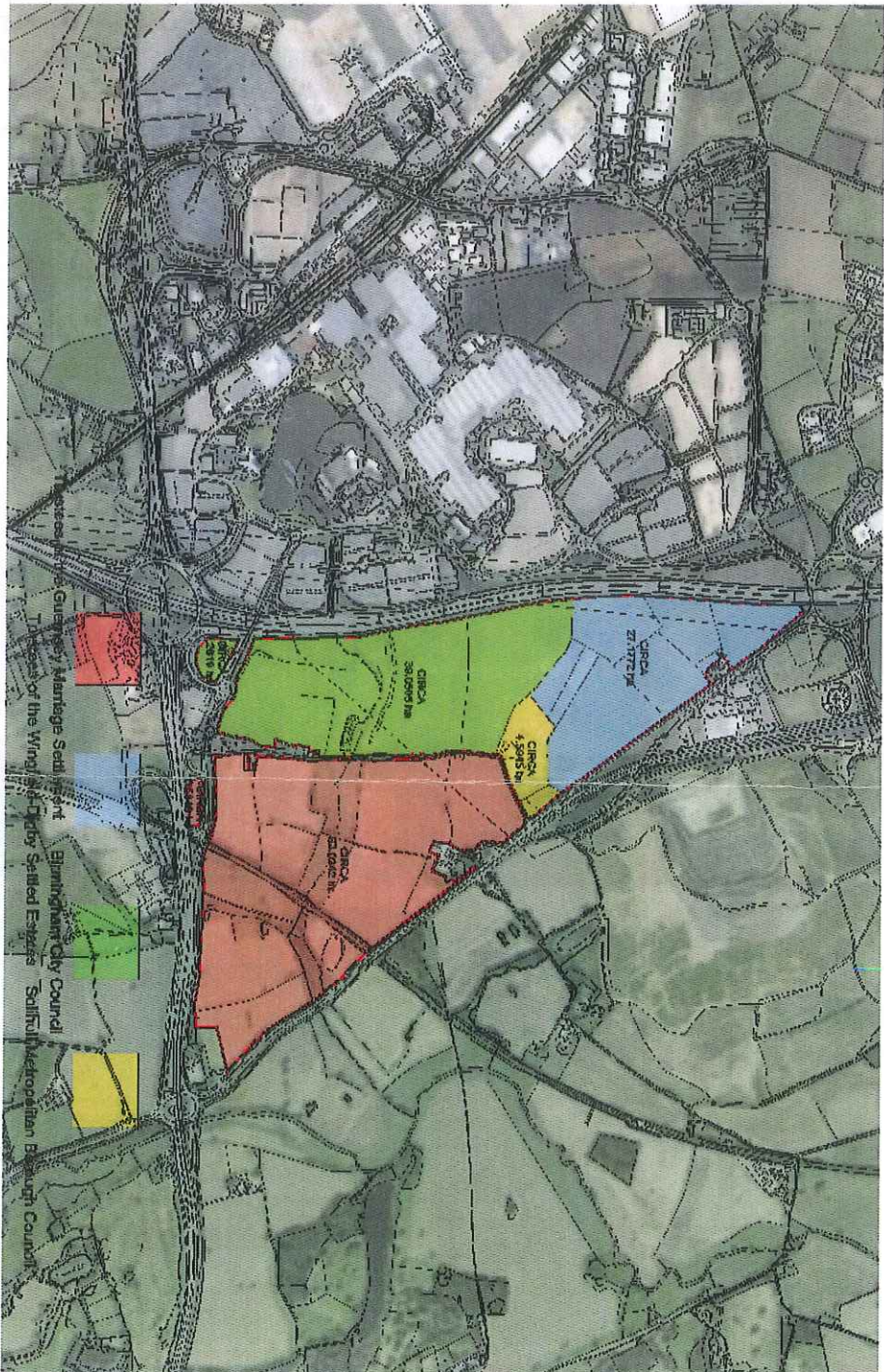
4.4 Public Sector Equality Duty

Having carried out an initial screening on the 5th of December 2016, there is no requirement to undertake a full equality analysis.

5. Relevant background/chronology of key events:

- 5.1 Cabinet on 20th October 2014 agreed to the Council being party to a Collaboration Agreement comprising Birmingham City Council, the Wingfield-Digby Estate and Solihull Metropolitan Borough Council (SMBC) who together own almost all of the land inside the Interchange Triangle site that is the bound by the M42, A45 and A452 [as shown in Appendix 1]. The 4 parties entered into the Collaboration Agreement on 28th November 2014.
- 5.2 Under the Collaboration Agreement the parties have been working together as the Arden Cross Consortium to create a high quality viable mixed use development that supports the UK Central vision, in order to capitalise on the potential to deliver managed regional growth and long term investment returns and also to explore the opportunities located at the Interchange Site by engagement with both local and central Government leading to an Arden Cross Masterplan that highlights the growth opportunity presented by this unique location and to allow the site to be brought forward for development.
- 5.3 The Arden Cross site is a major mixed use sustainable inclusive economic growth opportunity that has been created at the 140ha Arden Cross site. The long term nature of the project, 30 plus years is a key consideration and a phased delivery programme is envisaged, supported by significant amounts of public infrastructure investment.
- 5.4 HS2 is the major transport infrastructure facilitator to build the phase 1, high speed railway link from London Euston to Birmingham Curzon Street via the station at the Interchange Site, which will begin operation in 2026. The HS2 Interchange Station will be connected to the West Coast mainline, NEC and Birmingham Airport by a people mover.
- 5.5 The current HS2 Hybrid Bill which is due to gain Royal ascent in early 2017 will deliver a parkway station with around 7,500 surface level car parking spaces.
- 5.6 The opportunity to enhance the Hybrid Bill through a mixed use development that will deliver the economic growth for the region that both central and local Government desire, is recognised by SMBC who established UK Central which attempts to connect key economic assets along the M42 corridor to unlock growth opportunities. Within UK Central, the hub area comprises of the NEC, Airport, Birmingham International rail station, Birmingham Business Park, Jaguar Land Rover and the HS2 Interchange site and is seen as the catalyst for driving growth within this immediate area.
- 5.7 The Interchange site is currently designated as Green belt in the SMBC Local Plan. SMBC are currently undertaking a review of this Local Plan which will recommend that site is taken out of the Green Belt. The potential scale of growth envisaged by SMBC was outlined in their 'Garden City Prospectus' and recognises the opportunity to create more than 2,000 new homes, 246,000m of quality commercial, retail, leisure and public realm.
- 5.8 Arden Cross is working on its proposal to create a high quality, viable mixed use development which comprises a sustainable urban quarter that supports UK Central and regional sustainable inclusive economic growth and the potential opportunity that a HS2 station will enable.

6. Evaluation of alternative option(s):			
6.1 Not to proceed with the strategy would mean that the land may not be developed to its full potential and the opportunity to maximise the sustainable inclusive economic growth potential will be lost.			
6.2 An alternative option would be for the Council to pursue the development of its own land in isolation however, that is unlikely to provide sufficient land to deliver sufficient development to fund the necessary infrastructure works to service the site. The collaborative approach with the other landowners creates a significantly larger economy of scale and land mass, where the costs can be shared.			
7. Reasons for Decision(s):			
7.1 To appraise the Leader of the Council of the ongoing collaborative working at Arden Cross and the HS2 Interchange site.			
Signatures		<u>Date</u>	
Cllr John Clancy Leader of the Council		
Paul Dransfield Strategic Director, Major Programmes & Projects		
List of Background Documents used to compile this Report:			
List of Appendices accompanying this Report (if any):			
1) Appendix 1 – Site Plan			
Report Version	5	Dated	Dec 2016



M1310 - PACKINGTON ESTATE

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LAND OWNERSHIP

SCALE 1:1000
M1310 / SK140404.3

