

# BIRMINGHAM CITY COUNCIL

# PUBLIC REPORT

<b>Report to:</b>	<b>CABINET</b>	
<b>Report of:</b>	<b>Strategic Director of Economy</b>	
<b>Date of Decision:</b>	<b>15 November 2016</b>	
<b>SUBJECT:</b>	<b>DRIVING HOUSING GROWTH AND SUPPORTING YOUNG PEOPLE INTO EMPLOYMENT THROUGH THE BMHT DEVELOPMENT PROGRAMME</b>	
<b>Key Decision: Yes</b>	<b>Relevant Forward Plan Ref: 001227/2016</b>	
<b>If not in the Forward Plan: (please "X" box)</b>	<b>Chief Executive approved</b> <input type="checkbox"/>	<input type="checkbox"/>
	<b>O&amp;S Chairman approved</b>	<input type="checkbox"/>
<b>Relevant Cabinet Member(s) or Relevant Executive Member:</b>	<b>Councillor Peter Griffiths, Housing and Homes and Councillor Majid Mahmood, Value for Money and Efficiency, Councillor Brett O'Reilly, Jobs and Skills</b>	
<b>Relevant O&amp;S Chairman:</b>	<b>Councillor Victoria Quinn, Housing and Homes Councillor Mohammed Aikhlaq, Corporate Resources and Governance, Councillor Zafar Iqbal, Economy Skills and Transport</b>	
<b>Wards affected:</b>	<b>Sutton Four Oaks, Aston, Bartley Green, Nechells, Sparkbrook</b>	

<b>1. Purpose of report:</b>	
1.1	To provide details of the outcome for the procurement process undertaken for four council housing schemes providing 63 new Council homes for social rent, as detailed in section 5 of this report and detailed within the private report.
1.2	To approve the Full Business Case (FBC) set out in Appendix 2 of this report for the proposed council housing new starts at Montgomery Street (Sparkbrook) for 10 units for rent and Gladstone Street (Nechells) for 32 units for rent for 2017/8.
1.3	To note the success of the Building Birmingham Scholarship (BBS) programme and approve the continuation of this initiative.

<b>2. Decision(s) recommended:</b>	
That Cabinet:	
2.1	Notes the procurement process that has been undertaken for the construction and delivery of 63 new Council homes for social rent at Bangham Pit (Bartley Green), Caynham Road (Bartley Green), Park Lane (Aston) and White Farm Road (Sutton Four Oaks).
2.2	Approves the FBC as set out in Appendix 2 of this report for the two 2017/8 BMHT new schemes at Montgomery Street (Sparkbrook) for 10 units for rent and Gladstone Street (Nechells) for 32 units for rent at a cost of £5.96m and delegates approval to award contracts following the procurement processes as detail in paragraph 5.5 to the Strategic Director of Economy in conjunction with the Strategic Director of Finance and Legal (or their delegate), the Acting City Solicitor (or their delegate) and the Assistant Director of Procurement.

- 2.3 Authorises the Strategic Director of Economy to seek consent under Section 174 of the Localism Act 2011 to exclude the new properties to be delivered at Montgomery Street and Gladstone Street 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 Strategic Director of 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 S122 (2A) in consultation with Cabinet Members for Housing and Homes and Clean Streets, Recycling and Environment.
- 2.5 Authorises the Strategic Director of Economy to submit and process all necessary Highway Closure applications and notices required to facilitate the development of sites highlighted in Section 5 of this report and to enter into any appropriate agreements for alterations to highway access to the sites.
- 2.6 Delegates to the Director of Property the power to amend or vary the development boundaries of any of the sites.
- 2.7 Approves the continuation of the levy charged to contractors of £500 per dwelling constructed for the Council as part of the ongoing BMHT programme and the extension of the successful Building Birmingham Scholarship programme.
- 2.8 Authorises the Acting City Solicitor to negotiate, execute and complete all necessary documentation to give effect to the above recommendations including the execution and completion all appropriate way leaves and easements and highway agreements required for the development of the four sites listed in Appendix 1 and the 2 sites listed in Appendix 2.

<b>Lead Contact Officer(s):</b>	Steve Dallaway – Development Manager Planning and Regeneration
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### **3. Consultation**

#### **3.1 Internal**

- 3.1.1 The Leader has been consulted regarding the contents of this report and supports the proposals coming forward for an Executive Decision.
- 3.1.2 Officers in Legal Services, City Finance, Procurement, Birmingham Property Services, Highways, Employment Services, Housing Development and the Place Directorate (Parks) have been involved in the preparation of this report.
- 3.1.3 Relevant Ward Members and Executive Members for the Districts have been consulted and their comments are included where appropriate.

- 3.1.4 Where planning applications have yet to be made, relevant Ward Councillors will be consulted on the proposals of each BMHT scheme in the 2017/8 new starts programme.
- 3.1.5 The Acting Strategic Director of Place and the Service Director Housing Transformation have been consulted and supports the recommendations within this report.
- 3.2 External
- 3.2.1 All 4 sites where tenders are being recommended for approval have already secured detailed planning approvals and residents were consulted as part of this process.
- 3.2.2 Residents will be consulted on the council house new starts programme proposals for 2017/8 as part of the planning application process and by notification of the contractor mobilising for a start on site.
- 3.2.3 Contractors have been consulted on the continuation of the BBS programme and are strongly in favour of the continuation of these arrangements as part of delivering new homes across the city via the BMHT vehicle.

#### **4. Compliance Issues:**

- 4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?
- 4.1.1 The development of new homes for a growing city is a key objective of the Council Business Plan and Budget 2016+. The development of new affordable housing within the City and its associated programmes such as BBS are in accordance with a number of the Council's key priorities, including:
- Fairness** - to tackle inequality and deprivation, promote social cohesion across all communities in Birmingham, and ensure dignity, in particular for our elderly and safeguarding for children – by providing new affordable homes, apprenticeships and bursary programme placements.
- Prosperity** - to lay the foundations for a prosperous City, built on an inclusive economy – by stimulating the construction industry through the Council's housing building programme.
- Democracy** - to involve local people and communities in the future of their local area and their Public Services – by consulting communities about proposals for new development and ensure that new homes meet local needs and localised targeting of training, education and employment initiatives to complement the house-building programme.
- 4.1.2 Birmingham Business Charter for Social Responsibility (BB4CSR)
- The recommended provider for the development of Bangham Pit, Caynham, Park Lane and White Farm sites is a certified signatory to the Birmingham Business Charter for Social Responsibility and has provided actions proportionate to the value of this proposed contract. The actions proposed include:

- 8 people will benefit from apprenticeships and a further 19 from work placements and employment opportunities
- Mentoring support to local colleges
- Use of find it in Birmingham 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.
- Payment of the Birmingham Living Wage

Compliance with the BBC4SR is a mandatory requirement that will form part of the conditions of the contracts for Gladstone Street and Montgomery Street. 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.

## 4.2 Financial Implications

(Will decisions be carried out within existing finance and Resources?)

- 4.2.1 Full details of the approved costs and funding for the four council housing schemes which have been tendered (Bangham Pit Phase 2, Caynham Road, Park Lane and White Farm Road Phase 2) are set out in the report approved by Cabinet in October 2015. The total cost of all ten schemes that were approved in this report is now estimated at £19.51m, compared to £18.48m in the October 2015 report. The increase will be funded from RTB receipts. This estimate includes the tendered values included in the private report, the cost of works for the six other schemes in the report where contracts have been awarded, fees and other costs.
- 4.2.2 The estimated total capital construction cost of the proposed developments at Montgomery Street and Gladstone Street is £5.96m. The developments will be funded from HRA revenue contributions, RTB 1-4-1 receipts and Affordable Housing S106. The FBC document for these developments is included in Appendix 2.
- 4.2.3 The future running costs of the properties and areas of public realm retained within the HRA at Gladstone Street and Montgomery Street 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 £1.89m.
- 4.2.4 The financial viability of the proposals at Gladstone Street and Montgomery Street is based on the social housing rent policy that was outlined by the Chancellor of the Exchequer on 2/7/15 (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 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.

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.

4.2.5 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 & Maintenance PFI (HMMPI) programme of works to minimise costs of delivery to the schemes.

4.2.6 The costs of the BBS programme will be funded from a £500 per unit levy charged to contractors who build homes for the council. It is anticipated that this will be net neutral to the Council and there will be no additional cost to the Council for the continuation of this programme.

#### 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 18,427 people on the Council's waiting list for affordable housing, with another 5,000 pending assessment. 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.

4.4.2 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.

4.4.3 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.

4.4.4 The delivery of the BBS programme specifically targets young people from deprived backgrounds and in priority wards. Progress will be reported to the Cabinet Member for Jobs and Skills on a regular basis.

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

- 5.1 The back-drop to this report is the Council's approval to a five-year new build programme (2015-20) which Cabinet approved in December 2014. Further reports since then have delivered the Council's 'Building Birmingham' programme using its BMHT vehicle to provide new homes for rent and outright sale across many neighbourhoods within the city and which have provided high-quality homes that have made a lasting difference to the local area.
- 5.2 Large scale housing and regeneration programmes at Newtown, Balaam Wood (Egg Hill/Longbridge), Abbey Fields and Jarvis Road (Erdington), Perry Common and Kings Norton have all been successful by using BMHT to plan, and subsequently go on to deliver, the Council's housing offer with the majority of the 1000+ new homes provided for sale being sold to first time buyers. Earlier in 2016 the Council was able to celebrate its 2000th home built using the BMHT vehicle. With Cabinet approval in 2015, the Council is now delivering outright sales of homes directly through its new brand 'Forward Homes', capturing development profit that would normally be lost to private developers and their shareholders.
- 5.3 Procurement Approach (Development of Housing at Bangham Pit, Caynham, Park Lane and White Farm Road)
- 5.3.1 A procurement process was undertaken for the development of four council house schemes for rent at the following sites:
- Bangham Pit Road, Bartley Green (31 homes comprising 26 bungalows and 5 houses)
  - Caynham Road, Bartley Green (18 homes comprising 13 houses and 5 bungalows)
  - Park Lane, Aston (9 houses)
  - White Farm Road, Sutton Four Oaks (5 bungalows)
- 5.3.2 These four schemes had previously been tendered using the Constructing West Midlands (CWM) framework agreement. The procurement process comprised of 10 schemes, to deliver 127 new homes which were contained within an overall FBC approved by Cabinet in October 2015.
- Following a lengthy process of dialogue, it was not possible to agree tender sums for 4 of the 10 schemes within the FBC level agreed by Cabinet in October 2015. After consultation with Corporate Procurement Services and Acivico, it was agreed with the (former) Cabinet Member for Commissioning, Contracting and Improvement to undertake a further procurement process for the four schemes referred to in paragraph 5.3.1. The outcome of this process is detailed in Appendix 1 of this report and the confidential information related to the recommendations to the award of contracts in the Private Report.
- 5.4 The BMHT programme 2017/8
- 5.4.1 The Housing Revenue Account Business Plan contains a number of assumptions about the provision of new affordable housing. This includes substantial projects which will be implemented over a number of years. A list of forecasted completions is contained in Appendix 3.

## 5.5 Procurement Approach (Montgomery Street and Gladstone Street)

- 5.5.1 It is proposed to proceed with 2 new BMHT schemes at Montgomery Street in Sparkbrook and Gladstone Street in Nechells, that will deliver a further 42 housing units for rent. A Planning application has been submitted for Montgomery Street and the scheme at Gladstone Street secured planning permission in June 2015. Montgomery Street will be tendered using the Dynamic Purchasing System (DPS) which is aimed specifically at the procurement of sites under 15 units in total and aimed at smaller and medium enterprises. The tender strategy was agreed by Cabinet in June 2016 and the DPS award is anticipated in December 2016. The evaluation will follow the protocol of the framework agreement and the award of Montgomery Street Contract is planned for Spring 2017. Gladstone Street was included in the BMHT Delivery Plan for 2015-20 report in December 2014. The BMHT Delivery Plan 2015-20 allows for schemes to be substituted if there were any problems with specific sites and Montgomery Street, which was appropriated into the HRA in 2015, is a substitute site for the proposed site at Melvina Road in Nechells which currently has significant constraints that make the scheme difficult to secure a residential planning permission.
- 5.5.2 It is proposed to commence the procurement process for Gladstone Street, the larger development, using the Homes and Community Agency's Delivery Partner Panel 2 (HCA DPP2) framework agreement in accordance with its protocol so that the development commences immediately after the demolition of Osborne Tower in May/June 2017. The procurement route was agreed in the Cabinet report dated 28<sup>th</sup> June 2016 and the HCA DPP2 framework agreement has been selected as it is suitable for larger developments and offers the best value to award a contract within the timescales.
- 5.5.3 Cabinet is asked to delegate the approval of the commencement of the procurement process and subsequent awards of contracts for these 2 schemes to the Strategic Director of Economy and Acting Strategic Director of Place in conjunction with the Strategic Director of Finance and Legal (or their delegate), the Acting City Solicitor (or their delegate) and the Assistant Director of Procurement to enable these housing schemes to start as quickly as possible in the 2017/2018 financial year and provide revenue to the Council upon completion.

## 5.6 Extension of the Building Birmingham Scholarship (BBS) programme

- 5.6.1 Cabinet approved the creation of the BBS at its meeting in November 2012. After one year in development, the scheme was officially launched with a pilot phase (12 months) in November 2013. The BBS initiative is aimed at upskilling young people in construction related disciplines so they can be the leaders of house building and regeneration of the future and has a particular emphasis on targeting, attracting and supporting people from low income families. The funding for BBS is derived from a £500 per unit levy charged to contractors who build homes for the council, with the expectation that contractors use their social value or corporate social responsibility programmes to fund this.
- 5.6.2 Since 2013, over £500,000 has been raised on the back of new contracts to support this initiative and with the majority committed, there needs to be a new approval to continue to levy and collect this, in order to support the initiative.
- 5.6.3 The programme has gone from strength to strength since being launched in November 2013. The information below illustrates the number of people who have been supported or are currently being supported through BBS.



- 2013 (pilot) – 4 students supported
- 2014 – 16 students recruited
- 2015 – 25 students recruited

- 5.6.4 In September 2016 another 27 students were brought onto the programme making the total 72 people now having been supported since its inception. The attached small brochure in Appendix 4 illustrates some of the key achievements and successes of the BBS programme which genuinely changes the lives of young people.
- 5.6.5 The actual financial outlay for supporting a BBS student is relatively low with most students receiving no more than £9,000 in support in a number of ways including contributions to fees, equipment or in some cases subsistence/living costs over 3 years. The success of the initiative is mainly around creating a talent pool of young people who are being quickly offered employment with BMHT partners including local contractors, architects and consultants such as Capita and Arcadis who provide cost and programme support to the Council.
- 5.6.6 The opportunity exists to increase the number of opportunities for BBS by encouraging more partners to sign up to offer both work experience, summer placements and guaranteed interviews. On this basis it is recommended that the BBS initiative is now mainstreamed into the delivery of the BMHT programme. This funding will come from contractors and not the Council and therefore there will be no direct financial implications on the council by agreeing to this.

## **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
- 6.2 **Deliver all new homes for outright sale** – this option is discounted on the basis that the cost of construction and associated fees 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.
- 6.3 Alternative procurement options for the four schemes are detailed in Appendix 1.

## **7. Reasons for Decision(s):**

- 7.1 To enable the award of contracts for four schemes, to develop a further two sites and the commencement of the procurement process for these two schemes that will support the Council in delivering housing growth across the City by providing as many new homes as possible using the Council's resources.
- 7.2 To support the training and development of young people from low income households by expanding the BBS initiative.

<b>Signatures</b>	<b><u>Date</u></b>
Councillor Peter Griffiths Cabinet Member for Housing and Homes .....	.....
Councillor Majid Mahmood Cabinet Member for Value for Money and Efficiency	
Councillor Brett O'Reilly Cabinet Member for Jobs and Skills	.....
Waheed Nazir Strategic Director for Economy	.....

<b>List of Background Documents used to compile this Report:</b>
Cabinet Report - October 2015 - <i>'KEEPING BIRMINGHAM BUILDING': BIRMINGHAM MUNICIPAL HOUSING TRUST (BMHT): PROGRAMME APPROVALS 2015 - 2017 - APPROVAL OF FULL BUSINESS CASE</i>
BMHT Delivery Plan for 2015-20 (agreed by Cabinet in December 2014)
Cabinet Report - November 2012 - <i>'BUILDING BIRMINGHAM - APPROVAL OF TENDERS AND FULL BUSINESS CASE- BIRMINGHAM MUNICIPAL HOUSING TRUST (AFFORDABLE RENT PROGRAMME AND STOCK REPLACEMENT PROGRAMME)'</i>
Cabinet Report dated 28 <sup>th</sup> June 2016 – Supporting Small and Medium Enterprises – A Tender Strategy for Establishing the BMHT Dynamic Purchasing System

<b>List of Appendices accompanying this Report (if any):</b>
1. Contract Award Strategy – BMHT Housing Development Proposals (Bangham Pit Road, Caynham Road, White Farm Road and Park Lane)
2. Full Business Case (FBC) 2017/8 new starts
3. BMHT Programme
4. Building Birmingham Scholarship Key Achievements
5. Stakeholder Analysis and Risk Register

**CONTRACT AWARD – BIRMINGHAM MUNICIPAL HOUSING TRUST, HOUSING DEVELOPMENT PROPOSALS (BANGHAM PIT ROAD, CAYNHAM ROAD, WHITE FARM ROAD AND PARK LANE SITES (P348))**

**1 Background and Service Requirements**

- 1.1 This appendix provides details of the procurement process followed for the proposed development of housing on the Bangham Pit, Caynham Road, White Farm Road and Park Lane sites further to paragraph 2.1 and 5.3 of the Public Report.

**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 Carry out a Further Competition exercise using the CWM Framework Agreement – this was discounted for the reason stated in paragraph 1.2.
- 3.2 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.
- 3.3 One tender exercise awarded by lot – this was the procurement approach undertaken on the basis that structuring the sites by lot allowed SMEs to tender in fair competition with the larger house builders. There are benefits as prices reflect current market conditions and the latest Council requirements were included in the tender exercise.

**4 Procurement Approach**

**4.1 Duration and Advertising Route**

The contract will be for a period of 22 months commencing November 2016. The opportunity was advertised in the Official Journal of the European Union, Contracts Finder and on [www.finditbirmingham.com](http://www.finditbirmingham.com).

**4.2 Procurement Route**

The requirement was tendered using the ‘open’ procedure.

**4.3 Scope and Specification**

- 4.3.1 The development of 63 new build affordable homes on four sites across the city. The contracts will be let as individual lots with a range of between 5 and 31 dwellings on each site. The forms of contract will be the JCT Standard Design and Build Form. The Council developed the designs to detailed planning application and carried 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 and could bid for as many Lots as they desire, subject to the turnover and capability criteria as set out in the tender documentation.

4.3.3 The breakdown of lots was as follows:

Lot	Constituency/ Ward	Site	Dwellings
1	Northfield / Bartley Green	Bangham Pit Road	31
2	Northfield / Bartley Green	Caynham Road	18
3	Sutton Coldfield / Four Oaks	White Farm Road	5
4	Ladywood / Aston	Park Lane	9

#### 4.4 Tender Structure

##### 4.4.1 Invitation to Tender (ITT) Stage

The contract was advertised on 5<sup>th</sup> August 2016 seeking expressions of interest from organisations who wished to tender for all or some of the lots identified in the tender documentation. In response to the advert, twenty-nine companies expressed an interest and downloaded the ITT documentation to complete. Following a request from tenderers to allow more time to complete the tender documentation, the deadline by extended from 13<sup>th</sup> September 2016 to 20<sup>th</sup> September 2016. Eight companies responded as requested by the deadline and twenty-one effectively withdrew themselves by not returning a tender. Two companies advised before the deadline that a tender would not be submitted and no correspondence was received from the other nineteen.

##### 4.4.2 Evaluation and Selection Criteria

The evaluation criteria for the ITT stage was as follows:

<b>ASSESSMENT A</b>		
		<b>Scoring</b>
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"> <li>• Environmental Management</li> <li>• Insurance</li> <li>• Compliance with Equalities Duties</li> <li>• Health &amp; Safety</li> <li>• Social Value, Charter &amp; Living Wage</li> </ul>	Pass/Fail 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.

## Assessment B

Tenders submissions for Lot 1 – Bangham Pit Road, Lot 2 -Caynham Road and Lot 4 – Park Lane were evaluated using a split of 30% quality, 10% social value and 60% price. Tenders for Lot 3 – White Farm Road were evaluated using a split of 30% quality and 70% price. Social value was not included for Lot 3 as the value of the scheme is below the threshold for inclusion. The split was established having due regard to the corporate document 'Evaluating Tenders Guidance' which considers the complexity of services to be provided.

Tenders were evaluated against the specification in accordance with a pre-determined evaluation model.

The evaluation criteria used for the ITT stage was:

<b>Mandatory Criteria</b>	<b>Weighting %</b>	<b>Sub-Criteria</b>	<b>Sub-Weighting %</b>
Quality	30%	Experience & Competency	20%
		Design Quality & Specification	10%
		Management of Programme	25%
		Organisational Management & Resources	20%
		Health & Safety	25%
Social Value	10%	Local Employment	25%
		Buy Birmingham First	20%
		Partners in Communities	20%
		Good Employer	15%
		Green & Sustainable	10%
		Ethical Procurement	10%
Value for Money / Price	60%	Price	100%
	100%		100%

4.4.3 The evaluation was undertaken by officers from the Housing Regeneration and Development Team and the Council's Employer's Agents (Acivico Ltd, Arcadis LLP, Capita Property Management Ltd) supported by Corporate Procurement. The outcome of the evaluation is detailed in the accompanying private report.

### 4.4.4 Service Delivery Management

#### 4.4.4.1 Contract Management

The operational management of the developments will be managed by the Council's Employer's Agents and the overall management will be carried out by the Development Manager.

#### 4.4.4.2 Performance Management

BMHT already have a robust method of assessing contractor's performance through Key Performance Indicators and will be continually assessed over the life of each building contract.

## Appendix 2 - Full Business Case (FBC)

### 1. General Information

Directorate	Economy	Portfolio/Committee	Housing, Development
<b>Project Title</b>	DRIVING HOUSING GROWTH AND SUPPORTING YOUNG PEOPLE INTO EMPLOYMENT THROUGH THE BMHT DEVELOPMENT PROGRAMME	<b>Project Code</b>	Various
<b>Project Description</b>	<p>In December 2014, Cabinet approved a five-year housing development programme of over 2,000 new homes via its BMHT vehicle as part of its commitment to delivering housing growth across Birmingham. The HRA Business Plan that came into effect from March 2012 is based upon the delivery of new council stock, replacing homes lost due to planned clearance and Right to Buy.</p> <p>This report includes 2 new BMHT schemes for social rent proposed at;</p> <ol style="list-style-type: none"> <li>1. Gladstone Street in Nechells (32 homes) and</li> <li>2. Montgomery Street in Sparkbrook (10 homes)</li> </ol> <p>as part of the proposed new starts programme for 2017/8 and commencing in Q1 of 2017/8. These two sites have been prioritised for early development to provide rented homes in areas of high demand and in some cases are replacing schemes in the 5-year housing development plan that are unable to come forward at this stage.</p>		
<b>Links to Corporate and Service Outcomes</b>	<p>This project will make a direct contribution to both Corporate and Directorate outcomes, including the following and as set out in Section 4 of the attached public Cabinet report:</p> <ul style="list-style-type: none"> <li>• Council Business Plan &amp; Budget 2016+</li> <li>• Housing Revenue Account Business Plan 2016+</li> <li>• Housing Plan 2010 refresh</li> <li>• Homelessness Strategy 2012</li> <li>• Birmingham Housing Growth Plan</li> </ul>		
<b>Project Definition Document Approved by</b>	Cabinet	<b>Date of Approval</b>	8 <sup>th</sup> December 2014 'BMHT Delivery Plan 2015-20'
<b>Benefits Quantification- Impact on Outcomes</b>	<b>Measure</b>		<b>Impact</b>
	Number of new homes built for Social Rent that will be		42 New affordable homes for Social Rent

	made available to meet demand across the city	
	Number of apprenticeships and training places secured through these developments	8 full time apprenticeships and 19 training placements will be provided
	Assessment of Environmental Sustainability of the development/s	All 42 BMHT homes will be built to current Building Regulation standards and to a level equivalent to the former Code for Sustainable Homes Level 4 prioritising insulation, air tightness and mechanical ventilation and heat recovery systems.
	Reducing crime and anti-social behaviour	Adopting Secure by Design standards and practice and using Building for Life as a tool to set the highest possible urban design principles. Removing a redundant car park at Montgomery Street in Sparkbrook, where fly tipping is a major issue for the council and local residents.
<b>Project Deliverables</b>	The delivery of 42 new council properties for Social Rent by December 2018	
<b>Scope</b>	<p>The key elements remaining within the scope of these projects are;</p> <ul style="list-style-type: none"> <li>• Planning applications to be secured</li> <li>• Appointment of preferred contractors</li> <li>• Achieve a start on site by Summer 2017</li> <li>• Construction and completion of all 42 homes by December 2018</li> </ul>	
<b>Scope exclusions</b>	The projects do not consider the detailed arrangements for the management or ongoing maintenance of the new council housing once completed as this will be dealt with under the existing arrangements for HRA dwellings.	
<b><i>Dependencies on other projects or activities</i></b>	<ul style="list-style-type: none"> <li>• Planning Permission</li> <li>• Completion of legal documents including JCT building contracts</li> <li>• Appointment of the preferred contractors</li> <li>• Advertising loss of open space where appropriate</li> </ul>	
<b>Achievability</b>	The council is now a recognised and substantial provider of affordable and market housing and has taken steps to ensure that any schemes it wishes to see built can come forward. It has specifically promoted the engagement of local, smaller contractors alongside larger firms via its new	

	Dynamic Purchasing System, thus offering opportunities to SMEs within Birmingham and the West Midlands.		
<b>Project Manager</b>	Steve Dallaway/Development Manager/ Planning and Regeneration Tel. 0121 303 3344 <a href="mailto:steve.dallaway@birmingham.gov.uk">steve.dallaway@birmingham.gov.uk</a>		
<b>Budget Holder</b>	Clive Skidmore / Head of Housing Regeneration and Development Tel. 0121 303 1667/ <a href="mailto:clive.skidmore@birmingham.gov.uk">clive.skidmore@birmingham.gov.uk</a>		
<b>Sponsor</b>	Waheed Nazir / Strategic Director of Economy Tel. 0121 464 7735 <a href="mailto:waheed.nazir@birmingham.gov.uk">waheed.nazir@birmingham.gov.uk</a>		
<b>Project Accountant</b>	Guy Olivant / Head of City Finance (HRA ) Tel. 0121 303 5742 / <a href="mailto:guy.olivant@birmingham.gov.uk">guy.olivant@birmingham.gov.uk</a>		
<b>Project Board Members</b>	<ul style="list-style-type: none"> <li>• Waheed Nazir /as above</li> <li>• Clive Skidmore / as above</li> <li>• Guy Olivant / /as above</li> <li>• John Jamieson/Head of Asset Management and Maintenance/Tel. 303 4082/ <a href="mailto:john.jamieson@birmingham.gov.uk">john.jamieson@birmingham.gov.uk</a></li> <li>• Guy Chaundy/Senior Service Manager-Landlord Serv Tel. 464 9260/ <a href="mailto:guy.chaundy@birmingham.gov.uk">guy.chaundy@birmingham.gov.uk</a></li> </ul>		
<b>Head of City Finance (HoCF)</b>	Guy Olivant	<b>Date of HoCF Approval:</b>	October 2016



## Financial Tables

Key Inputs			
Construction		Running Costs, etc.	
Grant	Nil	Weekly rent	£78-£144
		Rent loss - voids / arrears	3.0%
Total Build Costs (including fees and pre contract costs)	£5.96m	Annual rent increase	-1.0% until 2019/20 then 3.0% ongoing
RTB Activity	None	Management Costs	£702
Key Outputs		Repairs Costs	£893
(Surplus) / Deficit after 30 years	£(7.85)m	Capital Works (5-yearly)	£4,476
		Annual Cost Increase	2.5% (CPI 2.0%)

HRA Extract	2016/17	2017/18	2018/19	2019/20	2020/21	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
	£m	£m	£m	£m	£m	£m
Rental Income	0.00	(0.03)	(0.13)	(0.20)	(0.22)	<b>(9.41)</b>
Voids and arrears	0.00	0.00	0.00	0.01	0.01	<b>0.28</b>
Repairs and Maintenance	0.00	0.00	0.02	0.04	0.04	<b>1.64</b>
Management Costs	0.00	0.00	0.02	0.03	0.03	<b>1.29</b>
Cash-backed Depreciation	0.00	0.01	0.00	0.00	0.00	<b>(1.65)</b>
<b>HRA Deficit / (Surplus)</b>	<b>0.00</b>	<b>(0.02)</b>	<b>(0.09)</b>	<b>(0.12)</b>	<b>(0.14)</b>	<b>(7.85)</b>
Revenue contributions from wider HRA/ RTB 1-4-1/ Affordable housing S106	(0.11)	(2.66)	(2.46)	(0.73)	0.00	<b>(5.96)</b>
Net HRA Impact	0.11	2.64	2.37	0.61	(0.14)	<b>(1.89)</b>

Capital Account	2016/17	2017/18	2018/19	2019/20	2020/21	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
	£m	£m	£m	£m	£m	£m
Pre Contract Costs	0.11	0.00	0.00	0.00	0.00	<b>0.11</b>
Build Costs (including Fees)	0.00	2.66	2.46	0.73	0.00	<b>5.85</b>
<b>Total Development Costs</b>	<b>0.11</b>	<b>2.66</b>	<b>2.46</b>	<b>0.73</b>	<b>0.00</b>	<b>5.96</b>
Capital Investment / Renewals <sup>1</sup>	0.00	0.00	0.00	0.00	0.00	<b>1.66</b>
Revenue Contributions from wider HRA / RTB 1-4-1 / Affordable Housing S106	(0.11)	(2.66)	(2.46)	(0.73)	0.00	<b>(5.96)</b>
Cyclical Maintenance Reserve Release	0.00	0.00	0.00	0.00	0.00	<b>(1.66)</b>
<b>Total Capital Income</b>	<b>(0.11)</b>	<b>(2.66)</b>	<b>(2.46)</b>	<b>(0.73)</b>	<b>0.00</b>	<b>(5.96)</b>
<b>Capital Account (Surplus) / Deficit</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Balance Sheet Extract	2016/17	2017/18	2018/19	2019/20	2020/21	2046/47
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 30
	£m	£m	£m	£m	£m	£m
Land & Buildings	0.97	2.24	4.93	5.84	5.99	11.38
Cyclical Investment Reserve	0.00	0.01	0.04	0.09	0.13	0.37
Capital Reserve	(0.97)	(2.25)	(4.97)	(5.93)	(6.12)	(11.75)
<b>Net</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Properties	2016/17	2017/18	2018/19	2019/20	2020/21	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
Social Rent Properties	0	10	28	4	0	42
Sale Properties	0	0	0	0	0	0
<b>Total Properties</b>	<b>0</b>	<b>10</b>	<b>28</b>	<b>4</b>	<b>0</b>	<b>42</b>

Note:

1. Formal approval to the ongoing capital investment / renewals programme (at a total value of £1.66 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 3 – BMHT Rent Programme 2016/17 - 2018/19

	Completions planned 2016/17	Completions planned 2017/18	Completions planned 2018/19	Completions planned 2019/20	Total
<b>RENT PROPERTIES BMHT Schemes Approved</b>	<b>270</b>	<b>351</b>	<b>37</b>	<b>70</b>	<b>728</b>
<b>New tender awards (in report)</b>					
1. Bangham Pit Road Ph2, Bartley Green	0	18	13	0	31
2. Caynham Road, Bartley Green	0	18	0	0	18
3. White Farm Road Phase 2, Sutton Coldfield	0	5	0	0	5
4. Park Lane, Aston	0	9	0	0	9
<b>Sub Total</b>	<b>0</b>	<b>50</b>	<b>13</b>	<b>0</b>	<b>63</b>
<b>New starts for 2017/8 (FBC)</b>					
1. Montgomery Street, Sparkbrook	0	10	0	0	10
2. Gladstone Street, Nechells	0	0	28	4	32
<b>Sub Total</b>	<b>0</b>	<b>10</b>	<b>28</b>	<b>4</b>	<b>42</b>
Specific BMHT schemes being worked up to FBC stage	0	29	95	145	269
<b>Total Rent Properties Currently Planned</b>	<b>270</b>	<b>440</b>	<b>173</b>	<b>219</b>	<b>1,102</b>
<b>Total Rent Properties planned in HRA BP 2016+</b>	<b>347</b>	<b>308</b>	<b>119</b>	<b>206</b>	<b>980</b>
<b>Variation to HRA BP 2016+</b>	<b>(77)</b>	<b>132</b>	<b>54</b>	<b>13</b>	<b>122</b>

## **Appendix 4**

### **Building Birmingham Scholarship Key Achievements**