

# Birmingham City Council

## Report to the Leader and the Cabinet Members for Finance and Resources and Homes and Neighbourhoods

1 March 2022



**Subject:** Full Business Case approval for the development of housing at Clements Road

**Report of:** Paul Kitson, Strategic Director, Place, Prosperity and Sustainability

**Relevant Cabinet Member:** Councillor Ian Ward, Leader  
Councillor Tristan Chatfield, Finance and Resources  
Councillor Shabrana Hussain, Homes and Neighbourhoods

**O&S chair** Councillor Carl Rice, Co-Ordinating O&S Committee  
Councillor Mohammed Aikhlaq, Resources

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s): Yardley West & Stechford		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference: N/A		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### 1 Executive Summary

- 1.1 The report seeks delegated approval (pursuant to Birmingham Municipal Housing Trust Delivery Plan 2019-2029 report to Cabinet on 14 May 2019) of the Full Business Case (FBC) for the construction of 4 new homes at Clements Road,

Yardley West and Stechford Ward, through the Birmingham Municipal Housing Trust (BMHT).

## **2 Recommendations**

That the Leader and the Cabinet Members for Finance and Resources and Homes and Neighbourhoods:

- 2.1 Approves the FBC for the Clements Road scheme as set out in Appendix A, for the construction of 4 new homes at a cost of up to £0.82m.
- 2.2 Notes that the FBC delegation is pursuant to paragraph 2.2 of the approved BMHT Delivery Plan 2019-2029 report to Cabinet on 14 May 2019.

## **3 Background**

- 3.1 The relevant background and chronology of key events was explained in the Birmingham Municipal Housing Trust (BMHT) Delivery Plan 2019-2029 report to Cabinet on 14 May 2019, which included the provision or substitution of affordable new homes within Appendix 12.
- 3.2 The Clements Road site is a former garage site and planning approval for 4 social rented homes was obtained at Planning Committee on 04<sup>th</sup> March 2021, Planning application reference: 2020/07875/PA. Please see Appendix B – Site Layout Plan.
- 3.3 The site comprises the following:

House type	No. of units
3 Bedroom / 5 Person House	3
2 Bedroom / 4 Person House	1

## **4 Options considered and Recommended Proposal**

- 4.1 Cabinet approved the development of the Clements Road scheme through BMHT as part of the Birmingham Municipal Housing Trust Delivery Plan 2019-2029 report to Cabinet on 14th May 2019 under Additional New Build – Appendix 12 Options Appraisal and the same continues to apply.

## **5 Consultation**

- 5.1 Please see appendix C, Consultation Plan.

## **6 Risk Management**

- 6.1 Please see appendix D, Risk Register.

## **7 Compliance Issues:**

### **7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

7.1.1 The recommended decisions contribute to the Council Plan objectives / outcomes by:

- A Bold Prosperous Birmingham; the Council is committed to the development of enough high-quality new homes to meet the needs of a growing city, and the proposals within this report to accelerate housing growth in the City by providing new homes for rent and will help ease pressure on the housing register.
- A Bold Green Birmingham; the new homes will be built to a high standard of energy efficiency by using the latest technologies and use a range of measures to improve the environment and tackle air pollution by using cleaner technologies such as Fabric First and building energy efficient homes.
- A Bold Inclusive Birmingham; the new homes will be available to any applicant on housing register.
- A Bold Healthy Birmingham; the links between health and housing are well recognised. New thermally efficient, economical to run new homes which are designed to high standards of quality and internal space standards will be more affordable for residents and offer a higher quality of life leading to better health outcomes.
- A Bold Safe Birmingham; new homes will be developed which will provide a safe, warm, sustainable, and connected neighbourhood in which all communities can thrive.

### **7.2 Legal Implications**

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

7.2.2 Section 1 of the Localism Act 2011 contains the Council's general power of competence.

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

### **7.3 Financial Implications**

7.3.1 The total estimated cost of the proposed development is £0.82m to be completed in 2022/23. The scheme will be funded from HRA revenue contributions and 1-4-1 Right to Buy receipts. The cost of development is included in the proposed HRA Business Plan 2022+.

7.3.2 The financial viability of the scheme proposal is based on the Government's social housing rent policy that rents will increase annually by the Consumer Price Index (CPI) + 1 % over a 5-year period from 2020/21.

- 7.3.3 The future running costs of the properties and areas of public realm retained will be met from ongoing rental income.
- 7.3.4 The new Council rented homes will be subject to the Right to Buy cost floor regulations, which mean that for the first 15 years following the completion of the new homes, any tenant purchasing their Council property through the Right to Buy will be obliged to pay the Council the full construction cost of the property, irrespective of any discount to which they may be entitled under the Right to Buy legislation.
- 7.3.5 The construction of the new Council homes should not be liable to VAT; however, VAT may be payable on other project costs. The letting of HRA homes is non-business; as are sales of such homes under the Right to Buy. The Council can reclaim VAT incurred on the development and management of HRA homes, including sales under the Right to Buy. Therefore, VAT should not be a cost to the project.

#### **7.4 Procurement Implications (if required)**

- 7.4.1 The award of the contract for the development of the housing is subject to the approval of this FBC and will be approved under a separate authority report.
- 7.4.2 The value of the scheme falls below the Birmingham Business Charter for social responsibility threshold for works and the requirement to pay the Real Living Wage will apply.

#### **7.5 Human Resources Implications (if required)**

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

#### **7.6 Public Sector Equality Duty**

- 7.6.1 Details were included in the Birmingham Municipal Housing Trust Delivery Plan 2019-2029 report to Cabinet on 14 May 2019 and the same continues to apply.

### **8 Appendices**

- 8.1 Appendix A – Full Business Case Clements Road
- 8.2 Appendix B – Site Layout Plan Clements Road
- 8.3 Appendix C – Consultation Plan
- 8.4 Appendix D – Risk Register

### **9 Background Documents**

- 9.1 Birmingham Municipal Housing Trust Delivery Plan 2019-2029 report to Cabinet on 14 May 2019.