

Business Case			
1. General Information			
Directorate	Economy & Place	Portfolio / Committee	Development, Transport and the Economy
Project Title	Development of 85 new rented council homes and 25 homes for outright sale at Abbeyfields, Erdington	Project Code	CA-02336-43
Project Description	<p>In December 2014, Cabinet approved a five-year development programme of over 2,000 new homes as part of the council's commitment to delivering new homes across the city. The Housing Revenue Account Business Plan is based upon the delivery of new council stock, replacing homes lost due to planned clearance and Right to Buy.</p> <p>A number of proposals for the redevelopment of the Lyndhurst Housing estate in Erdington (now rebranded as Abbey Fields) have previously been approved by Cabinet, including in March 2013 and December 2014. This current Business Case brings forward proposals for the development of a further 110 new homes at Abbeyfields, Erdington, comprising 85 social rent properties and 25 properties for outright sale.</p> <p>An initial phase of development for 25 Houses (19 for rent and 6 for sale) was completed in 2014, the current phase for 116 homes (70 for sale and 46 for rent) which commenced on site in early 2014 is due to completed in early 2016.</p> <p>This report also seeks approval to progress the works associated with providing new public open space and play facilities at Abbey Fields in Erdington, which form part of the planning requirements associated with the delivery of 110 new homes.</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"> <li>• Leaders Policy Statement June 2015</li> <li>• Council Business Plan 2015+</li> <li>• Housing Revenue Account Business Plan 2015+</li> <li>• A Fair City – Safety net: People are safe, especially the most vulnerable</li> <li>• Well-being: All benefit from improved health and wellbeing by the provision of new Public open space and play / fitness facilities</li> <li>• Poverty: Children and families will not live in poverty – Birmingham will be a “Living Wage City”</li> <li>• A Prosperous City – Growing businesses: Businesses will be growing and new ones starting up. Improved leisure facilities will be provided</li> <li>• Education and skills: People will have the qualifications they need for work, including qualifications for school leavers and working age population skills</li> <li>• Youth: Young people will be in employment, training or education</li> <li>• Unemployment: No groups or areas will be blighted by high employment</li> </ul>		

	<ul style="list-style-type: none"> <li>• Sustainability: The scheme including the provision of new open space will help make Birmingham will be more environmentally sustainable</li> <li>• A Democratic City – Engagement and influence: Local people will be engaged in local democracy, and have more influence on local decisions through the consultation process.</li> <li>• Housing Plan 2010 refresh</li> <li>• Homelessness Strategy 2012</li> <li>• Birmingham Housing Growth Plan</li> </ul>		
Project Definition Document Approved by	Cabinet	Date of Approval	9 <sup>th</sup> December 2014 - BMHT Delivery Plan 2015-20
Benefits Quantification - Impact on Outcomes	Measure		Impact
	Number of new homes built for social rent that will be made available to meet demand across the City		85 Social Rent homes 25 homes for sale
	Assessment of Environmental Sustainability of the developments		Affordable homes built using fabric first approach to equate to former Code for Sustainable Homes level 4
	Number of training and employment opportunities secured through the developments		Up to 10 training / apprenticeship opportunities.
	Reducing crime and anti-social behaviour		New homes will be compliant with Secure by Design guidelines, thereby reducing the opportunities for crime and anti-social behaviour within the surrounding area. Encouraging the active use of open space through the provision of the new play facilities,
Project Deliverables	The delivery of 85 additional new rented homes for the City, 25 homes for sale, by March 2018 together with the development of a new recreational facility		
Scope	<p>A number of elements associated with this project have already been delivered. These include:</p> <ul style="list-style-type: none"> <li>• Planning Approval for the 110 new homes;</li> </ul> <p>The key elements remaining within the scope of the project are:</p> <ul style="list-style-type: none"> <li>• Appointment of preferred Contractor(s) for the build element of the project</li> <li>• Achieve start on site in early 2016</li> <li>• Construction of 85 new rented homes by March 2018, as set out above</li> </ul>		
Scope exclusions	The project does not consider the detailed arrangements for the management or ongoing maintenance of the Council housing once built, which will be dealt with under the existing arrangements for HRA dwellings.		
Dependency on other projects or activities	<p>Key dependencies include:</p> <ul style="list-style-type: none"> <li>• Completion of all legal agreements/ building contracts.</li> <li>• Appointment of Contractor/Developer Partners</li> <li>• Secretary of State Approval to the appropriation of Education land for other</li> </ul>		

	purposes		
Achievability	BMHT is now a recognised and substantial provider of affordable and market housing with the council having secured 100% of all its grant under previous HCA programmes. Sales performance is well above average and proves that the product and marketing associated with BMHT sales is strong. The BMHT Constructors Framework has a high level of expertise from current house-builders with over half of these contractors already delivering high quality results for the council under the banner of BMHT.		
Project Manager	Julia Martin, Development Project Manager, Planning and Regeneration 675-5409 <a href="mailto:Juliac.martin@birmingham.gov.uk">Juliac.martin@birmingham.gov.uk</a>		
Budget Holder	As above		
Sponsor	Waheed Nazir (Director of Planning and Regeneration) <a href="mailto:waheed.nazir@birmingham.gov.uk">waheed.nazir@birmingham.gov.uk</a>		
Project Accountant	Nick Ward, (Finance Manager, City Finance) 464 4282) <a href="mailto:nick.ward@birmingham.gov.uk">nick.ward@birmingham.gov.uk</a>		
Project Board Members	<p>Waheed Nazir (as above)</p> <p>John Jamieson (Head of Asset Management and Maintenance, 303 9420) <a href="mailto:john.jamieson@birmingham.gov.uk">john.jamieson@birmingham.gov.uk</a></p> <p>Clive Skidmore (Head of Development, Planning and Regeneration 303 3341) <a href="mailto:clive.skidmore@birmingham.gov.uk">clive.skidmore@birmingham.gov.uk</a></p> <p>Tracey Radford (Head of Housing Management, 303 5683) <a href="mailto:tracey.radford@birmingham.gov.uk">tracey.radford@birmingham.gov.uk</a></p> <p>Guy Olivant (Head of City Finance - Housing Revenue Account 303 4752) <a href="mailto:guy.olivant@birmingham.gov.uk">guy.olivant@birmingham.gov.uk</a></p>		
Head of City Finance (HoCF)	Guy Olivant	Date of HoCF Approval:	October 2015

Key Inputs			
Construction		Running Costs, etc.	
Prudential Borrowing	£8.75m	Weekly rent	£93-£140
Total Build Costs (including fees, excluding POS and Infrastructure)	£14.63m	Annual rent increase	-1.0% until 2019/20 then 3.0% ongoing
Interest Rate (Short term)	2.0%	Rent loss - voids / arrears	3.0%
RTB Activity	None	Management Costs	£685
Key Outputs		Repairs Costs	£833
Debt Repaid	2019/20	Capital Works (5-yearly)	£4,365
(Surplus) / Deficit after 30 years	£(8.32)m	Annual Cost Increase	2.5%

HRA Extract	2014/15	2015/16	2016/17	2017/18	2018/19	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	0.00	(0.03)	(0.33)	(0.44)	<b>(17.67)</b>
Voids and arrears	0.00	0.00	0.00	0.01	0.01	<b>0.53</b>
Repairs and Maintenance	0.00	0.00	0.01	0.06	0.08	<b>2.96</b>
Management Costs	0.00	0.00	0.03	0.07	0.06	<b>2.48</b>
Financing Costs	0.00	0.00	0.06	0.11	0.06	<b>0.24</b>
Principal Repayment	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Cash-backed Depreciation	0.00	0.00	0.08	0.08	0.08	<b>3.14</b>
<b>HRA Deficit / (Surplus)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.15</b>	<b>0.00</b>	<b>(0.15)</b>	<b>(8.32)</b>

Capital Account	2014/15	2015/16	2016/17	2017/18	2018/19	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
	£m	£m	£m	£m	£m	£m
Build Costs (including Fees)	0.00	0.28	8.76	5.35	0.04	<b>14.43</b>
Pre Contract Costs	0.11	0.09	0.00	0.00	0.00	<b>0.20</b>
Park Costs and associated commuted sums	0.01	0.01	0.20	0.37	0.00	<b>0.59</b>
<b>Total Development Costs</b>	<b>0.12</b>	<b>0.38</b>	<b>8.96</b>	<b>5.72</b>	<b>0.04</b>	<b>15.22</b>
Capital Investment / Renewals <sup>1</sup>	0.00	0.00	0.00	0.00	0.00	<b>3.30</b>
Revenue Contributions from wider HRA	(0.09)	(0.01)	0.00	(1.92)	(3.41)	<b>(6.10)</b>
1-4-1 RTB Receipts	(0.03)	(0.04)	(2.57)	(1.61)	(0.01)	<b>(4.26)</b>
Sales Receipts	0.00	0.00	(1.05)	(2.39)	(1.42)	<b>(4.86)</b>
Short-term Prudential Borrowing	0.00	(0.33)	(6.51)	(1.91)	0.00	<b>8.75</b>
Principal Repayment	0.00	0.00	1.17	2.11	4.80	<b>(8.75)</b>
Cyclical Maintenance Reserve Release	0.00	0.00	0.00	0.00	0.00	<b>(3.30)</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	2014/15	2015/16	2016/17	2017/18	2018/19	2044/45
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 30
	£m	£m	£m	£m	£m	£m
Land & Buildings	0.00	0.00	5.53	11.43	11.06	21.02
Cyclical Investment Reserve	0.00	0.00	0.08	0.16	0.24	(0.02)
Borrowing Outstanding	0.00	0.33	5.68	5.48	0.68	0.00
Capital Reserve	0.00	(0.33)	(11.29)	(17.07)	(11.98)	(21.00)
<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	2014/15	2015/16	2016/17	2017/18	2018/19	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
Social Rent Properties	0	0	41	44	0	85
<b>Total Rent Properties</b>	<b>0</b>	<b>0</b>	<b>41</b>	<b>44</b>	<b>0</b>	<b>85</b>
Sale Properties	0	0	6	12	7	25
<b>Total Properties</b>	<b>0</b>	<b>0</b>	<b>47</b>	<b>56</b>	<b>7</b>	<b>110</b>

Note:

1. Formal approval to the ongoing capital investment / renewals programme (at a total value of £3.3 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.