

Report to Cabinet

16 November 2022

Subject:	Council new build homes on land at Garratts Lane, Cradley Heath
Cabinet Member:	Cabinet Member for Housing Councillor Padda
Director:	Director of Regeneration and Growth, Tony McGovern Director of Housing, Gillian Douglas
Key Decision:	Yes
Contact Officer:	Alan Martin, Housing Programme and Partnerships Manager Alan_martin@sandwell.gov.uk

1 Recommendations

- 1.1 That approval be given to appropriate approximately 4770.3 m² (0.48 hectares) of land at Garratts Lane, Cradley Heath from the General Fund to the Housing Revenue Account for housing purposes with the accounts being adjusted accordingly and to develop the site with new council housing for affordable rent, subject to planning permission, as shown for identification purposes only at Appendix 1.
- 1.2 That approval be given to acquire the access land, as shown for identification purposes only at Appendix 3 from Green Square Accord on terms and conditions to be agreed by the Director of Regeneration and Growth.



- 1.3 That approval be given to make a direct award to Green Square Accord (or their subsidiary within the group structure) and an exemption be made to the Council's Contract Procedure Rules.
- 1.4 That the Director of Finance be authorised to allocate adequate resources from the Council's Housing Revenue Account, subject to being satisfied that the proposal provides value for money, to deliver the scheme and to utilise grant funding offered by Homes England, under the extended Homes England Strategic Partnership 1 Programme 2016 to 2021 to assist with the delivery of the project.
- 1.5 In connection with 1.1, 1.3 and 1.4 above, approval be given to authorise the necessary steps for the delivery of the proposed project, including:
- a) that subject to receiving the necessary Strategic Investment Unit appraisal approval mark of 65 or above for this site, the Director of Regeneration and Growth in consultation with the Director of Finance and the Director of Housing be authorised to accept the Financial closure offer for the construction of Council new build properties, in accordance with any statutory regulations and the Council's the Director – Monitoring Officer be authorised to enter into or execute under seal any documentation in relation to award of the contract for the development of this site and/or development/partnership agreement, any consents or applications required for Planning or Highways appertaining to the delivery of the schemes and any other agreements with the procured contractor(s), as may be deemed necessary to facilitate development of the site with housing a scheme on terms and conditions to be agreed and implemented by the Director of Regeneration and Growth;
 - b) the Director of Regeneration and Growth in consultation with the Director of Finance and the Director of Housing be authorised to make a direct award to Green Square Accord (or their subsidiary within the group structure) and enter into a Design and Build agreement to develop and deliver a new housing scheme on behalf of the council.
 - c) to enter into or execute under seal any financial agreement in relation to the Homes England grant on terms and conditions to be agreed by the Director of Finance;



- d) that any necessary exemptions are made to the Council's Procurement and Contract Procedure Rules to enable the course of action referred to b above to proceed;
- e) Subject to the practical completion of each property, the Director of Housing be authorised to manage and let the properties built in accordance with the Council's housing allocation policy.

2 Reasons for Recommendations

2.1 The Council is able to develop this site with circa 20 homes, subject to planning permission, as part of the new strategic approach to provide more and better housing in the borough.

2.2 Background Information

The site is in Council ownership but is incapable of residential development due to inadequate access for an adoptable standard road. The adjacent land is owned by Green Square Accord therefore the Council needs to work in partnership with Green Square Accord to acquire the access land to deliver the scheme. As a result of this it is proposed to work with Accord to deliver the housing scheme utilising the Green Square Accord in-design team and their Modern Methods of Construction housing product, subject to cabinet approval of the development phase.

The Procurement Services Business Partner has been consulted and their advice is that due to the Council being required to work in conjunction with Green Square Accord to acquire the access land it is not possible to conduct a procurement exercise.

In order to make a direct award to Green Square Accord an exemption will be required in order to ensure compliance with Procurement and Contract Procedure Rule 15.7(a).

Legal Services have been consulted and their advice is that an exemption is required, and assurance that the Council is achieving best value, an award to a single supplier may be justified.



In accordance with the Council's Procurement & Contract Procedure Rules (Rule 15) an Exemption from any rule for a contract in excess £1 million must be approved by Cabinet.

The site comprises a parcel of land located to the South of Garratts Lane and to the East of Wright's Lane in the Cradley Heath area of Sandwell and occupies an area of approximately 4770.3 m² (0.48 hectares).

The site comprises a relatively level, rectangular shaped parcel of land with a grassed surface accessed via a track off Garratts Lane.

Historically, from 1882, records indicate that the site comprised part of an unoccupied parcel of land with a spoil mound encroaching across the Eastern boundary that was associated with the 'Fly Colliery' to the East.

From 1939 the site comprised of a predominantly unoccupied parcel of land still with spoil mound associated with the now disused 'Fly Colliery'.

Mapping from 1956 to present indicate the site as being occupied by a 'Cricket Ground'. However, this is no longer in use and the lease for the Cricket club expired April 2010.

The site does not have a primary allocation in the Sandwell Site Allocations and Delivery Development Plan Document, but its development for residential use is considered to be appropriate.

- 2.3 In summary, this project could deliver circa 20 new Council-owned affordable rented properties on a Council-owned site being a mix of 2, 3 and 4 bed houses. The table below shows the schedule of accommodation to be delivered.

Number of units	Property Type	Square metres (Approx.)
10	2 bed 4 person	79m ²
4	3 bed 5 person	93m ²
6	4 bed 7 person	124m ²

Please note that the number, layout and design of dwellings are subject to necessary planning approvals.








A site plan is attached at Appendix 1 and an indicative layout has been produced (Appendix 2). All units will be developed in accordance with current Building Regulations and an application for planning permission is being prepared for submission.

2.4 The development of this council site with new homes will result in the following benefits:

- Reducing the amount of vacant, under-utilised land within its ownership which is incurring maintenance costs;
- Increasing the numbers of authority owned stock which will ease pressure on our existing housing;
- Replacing housing stock lost through Right to Buy;
- Contributing positively to the financial position of the Council by generating New Homes Bonus and new Council Tax receipts;
- Developing fit for purpose accommodation;
- Increased good quality, energy efficient housing provision in the Borough;
- Increasing the levels of new build Council housing stock within the Borough contributing to target forecasts;
- Linking to the work of Think Local and Find-it-in-Sandwell approaches that will offer significant employment and training opportunities as well as additional community benefits to the local economy, including working with local supply chains and use of local labour;
- Producing positive outputs for community safety through the redevelopment of a vacant site.



3 How does this deliver objectives of the Corporate Plan?

	<p>Best start in life for children and young people</p> <p>These new build properties will provide accommodation which better meets the needs of young families allowing / enabling for a better home educational environment</p>
	<p>People live well and age well</p> <p>The new properties will be built to the current Building Regulations standard and new design space standards</p>
	<p>Quality homes in thriving neighbourhoods</p> <p>The redevelopment of this under-utilised site with modern residential accommodation will improve the asset base of the borough by providing much needed affordable housing.</p> <p>The provision of this proposed scheme will provide Homes that meet people's needs. Sandwell's population is growing and people need quality housing that fits their individual requirements.</p> <p>The development of this site will be guided by the Local Planning Authority in accordance with approved planning and development guidance. This will seek to achieve a development of a quality that sets the highest architectural standards and which provides energy efficient buildings, in furtherance of the aims of the Environmental Policy for Sandwell.</p>
	<p>A strong and inclusive economy</p> <p>The development of this scheme will support investing in businesses, people and jobs that will create wealth and tackle poverty. It will also actively promote Think Sandwell with the inclusion of apprenticeships and training opportunities within the contractual arrangements.</p>
	<p>A connected and accessible Sandwell</p> <p>The location of the site is close to the local amenities of Old Hill with local access to the bus and rail networks providing</p>



	links to the towns of Cradley Heath, Blackheath, Dudley, Halesowen and the Merry Hill shopping centre. Birmingham City centre and the M5 (M6) Motorway networks are easily accessible. This ensures that new residents are well connected to an array of services and facilities.
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4 Context and Key Issues

4.1 Consultation

Public consultation will be undertaken as part of the Statutory Planning process.

4.2 Sustainability

The development of this site will be guided by the Local Planning Authority in accordance with approved planning and development guidance. This will seek to achieve a development of a quality that's sets the highest architectural standards. In addition, the new housing stock will be up to current Building Regulations and will provide high quality living accommodation that will be energy efficient and sustainable contributing to reduced living costs and better quality of life to the new Council tenants. All of which contributes to the aims of the Environmental Policy for Sandwell.

- 4.3 The construction of the scheme will be managed by Housing Partnerships Team and delivered by the selected contractor Green Square Accord (or their subsidiary within the group structure). The construction and development costs associated with the project will be met from within the Housing Revenue Account, by means of Prudential borrowing and the utilisation of grant funding through the Homes England Strategic Partnership 1 programme.
- 4.4 The properties once completed will be managed and maintained by the council and all the associated costs will be met from within the Housing Revenue Account.
- 4.5 The income generated from the rent will also go back into the Housing Revenue Account.



5 Alternative Options

5.1 As part of the appraisal process the following options were considered:

Option A – Dispose of the Site on the Open Market

The site would not be suitable for private sector residential development in isolation as the Council's access to the site is not deemed suitable to serve a housing development and would not obtain planning permission.

This option would also offer nil contribution to the Council's new build programme.

Option B – Work in partnership with a Registered Provider Partner with the assistance of Homes England to build new affordable homes for rent.

The site would not be suitable for residential development in isolation as the Council's access to the site is not deemed suitable to serve a housing development and would not obtain planning permission. This option would also offer nil contribution to the Council's new build programme.

Option C – Leave the site undeveloped.

An option to consider would be not to build out the site and to leave it as it is. There are ongoing maintenance costs to the Council around litter picking and grounds maintenance. These are difficult to quantify as they are carried out as part of larger services, although we anticipate costs would be significantly reduced if the site were developed for housing.

This option would offer nil contribution to the Council's new build programme and result in an under-utilised Council asset.



6 Implications

Resources:	<p>The project cost of delivering the new council homes has been estimated and the figure includes professional fees and supervision and support activities of project delivery.</p> <p>Resources totalling £184m were allocated by Cabinet on 18th October 2017 for the period 2017 to 2027 to increase the number of homes within the HRA stock. The associated financing costs of these resources are built into the HRA projections.</p> <p>The rents charged on the properties will be affordable rents, which are up to 80% of market rent. This is in line with the recommendations approved by Cabinet on 14th November 2018 whereby all new build properties rent will be set as an affordable rent.</p> <p>Detailed financial modelling has been developed for this proposal based on the standard assumptions used by the Homes England for affordable housing.</p> <p>The total estimated (subject to the return of tenders) required resource for this scheme is £4.2m, which will be funded from the agreed investment capital programme for the HRA.</p> <p>The appraisal carried out on the project includes grant funding from the Homes England Strategic Partnership 1 Programme, which equates to £34,000 per unit. When grant funding from Homes England is applied to the overall scheme cost, it then reduces the borrowing requirement to around £3.5m.</p> <p>There is also funding available from the balance of 1-4-1 replacement receipts generated from the sale of HRA dwellings under the Right to Buy programme. The report requests approval to utilise funding to Homes England, however, this may not happen if there is a need to use the time limited receipts generated from</p>
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	<p>the sale of properties. This will be monitored in line with the recommendations from the appraisal report to ensure the most appropriate use of funding for the scheme.</p> <p>The financing of the scheme would be through Prudential Borrowing (which would leave the council with a debt to carry over the repayment period and beyond). This modelling shows that after the debt charges are factored in, the scheme shows an in year surplus position, in year 25, but the overall debt will not be repaid until year 42, with a cumulative surplus in year 50 of £3.4m. In context of the overall value of the scheme, these payback periods appear to be reasonable risk.</p> <p>Land/building</p> <p>This land is a General Fund asset which will require appropriation to the Housing Revenue Account.</p> <p>Whilst there are no direct links to the Corporate Landlord Strategy the scheme helps bring forward undeveloped land supporting council demand for new housing.</p> <p>The completed properties will be managed within existing resources from within the HRA.</p>
Legal and Governance:	<p>There are no specific immediate legal or statutory implications arising from the proposal outlined in this report. However, on-going legal implications regarding the development of land or property will be addressed fully in accordance with legal requirements.</p> <p>Pursuant to the Localism Act 2011 (Ss 1 – 7), Local Authorities have a general power of competence to do anything that individuals generally may do.</p>



	<p>Advice will be taken from the Council's Procurement Strategy Officer and Legal Services to ensure that the Public Contracts Regulations 2015 and the council's procurement and contract rules are complied with.</p> <p>This land is a General Fund asset which will require appropriation to the Housing Revenue Account.</p>
Risk:	<p>The Corporate Risk Management Strategy (CRMS) will continue to be complied with throughout, in identifying and assessing the significant risks associated with this strategic proposal. This includes (but is not limited to) political, legislation, financial, environmental and reputation risks. Based on the information provided it is the officers' opinion that for the initial risks that have been identified, arrangements are in place to manage and mitigate these effectively.</p> <p>The current assessment has identified three "red" risks that need to be reported at this stage. Actions have been put in place to mitigate these risks.</p>
Equality:	<p>An Equality Impact Assessment screening exercise has been carried out and a full Equality Impact Assessment is not required.</p>
Health and Wellbeing:	<p>Currently the site is vacant and under-utilised. The redevelopment of the site with modern residential accommodation will improve the asset base of the borough by providing much needed affordable, high quality, energy efficient housing.</p> <p>This will result in creating sustainable communities, create wealth, tackle poverty, improve health and wellbeing and reduce certain types of anti-social behaviour and crime.</p>
Social Value	<p>The development of this scheme will support investing in businesses, people and jobs. It will also actively promote Think Sandwell with the inclusion of</p>



	apprenticeships, training opportunities and community engagement within the contractual arrangements.
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7. Appendices

- 7.1 Appendix 1 – Plan showing development Land at Garratts Lane, Cradley Heath for identification purposes only.

Appendix 2 – Indicative planned layout

Appendix 3 – Access land to be acquired at Heathfield Close.

8. Background Papers

- 8.1 Report to the Cabinet Member for Strategic Resources and Jobs & Economy, 21st November 2013 - Minute no. 1/13 refers
- 8.2 Report to the Cabinet Member for Strategic Resources and Jobs and Economy, 29th October 2014 Changing the Housing Landscape in Sandwell (Key Decision Ref. No. C043) Minute no 75/14 refers
- 8.3 Report to The Cabinet, 6th April 2016 Changing the Housing Landscape in Sandwell Summary programme for Council House New Build (Key Decision Ref. No. REI021) Minute no 61/16 refers
- 8.4 Report to The Cabinet, 7th December 2016 Proposals for the review of the 2017/18 council tenant rents and housing related property charges (Key Decision Ref. No. LR24) Minute no, 204/16 refers.
- 8.5 Report to The Cabinet, 8th February 2017 Housing Revenue Account Business Plan 2017-20 Minute no 21/17 refers
- 8.6 Report to The Cabinet, 18th October 2017 Housing Revenue Account Funded Housing Investment Programme Minute no 167/17 refers

