

Report to Cabinet

9 February 2022

Subject:	Council new build homes on land at Beever Road, Tipton
Cabinet Member:	Cabinet Member for Housing Councillor Zahoor Ahmed
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 make an application to the Secretary of State to appropriate the site for housing purposes and develop approximately 0.783 hectares of land at Beever Road, Tipton with new affordable rent council housing, as shown for identification purposes only at Appendix 1 and subject to the Secretary of State's consent.
- 1.2 That the Director of Finance be authorised to allocate adequate resources from the Council's Housing Revenue Account 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.



- 1.3 That the Director of Regeneration and Growth in consultation with the Director of Finance and subject to confirmation of the funding rules applicable, be authorised to submit an application for funding to the West Midlands Combined Authority and in the event funding is successful, the Director of Regeneration and Growth in consultation with the Director of Finance and the Director of Housing be authorised to accept the funding and execute under seal any financial agreement in relation to the West Midlands Combined Authority grant on terms and conditions to be agreed by the Director of Finance;
- 1.4 That approval be given to authorise the steps necessary for the delivery of the proposed project, including:
- a) subject to 1.2 above, the Director of Regeneration and Growth in consultation with the Director of Finance and the Director of Housing be authorised to prepare tendering documentation and subsequently procure, in accordance with any statutory regulations and the Council's Procurement and Financial Regulations and if so chosen as a procurement route any appropriate requirements of the Homes England Delivery Partner Dynamic Purchasing System (DPS) framework, a contractor/contractors as described in g) below to develop, on behalf of the Council, the proposed housing scheme; 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;
 - b) subject to a) above, the Director of Law and Governance and Monitoring Officer be authorised to enter into or execute under seal any documentation in relation to award of the contract and/or development/partnership agreement, Homes England developer status, licence, undertaking, framework joining agreement, any consents or applications required for Planning or Highways appertaining to the delivery of the scheme and any other agreements with the procured contractor(s) and with the Homes England, as may be deemed necessary to facilitate development of the site with a housing scheme as described in below on terms and conditions to be agreed by the Director of Regeneration and Growth;



- c) subject to a) and b) above and following 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.
- d) That the following action points identified within the financial appraisal of the funding application by Strategic Finance, be implemented to reduce the risk to the Council:
- That Cabinet consider the alternatives and are satisfied that the proposal to construct the new build homes will meet the Council's objectives in the most appropriate manner.
 - That a process is developed to prioritise the development of sites against pre-determined criteria and alternative options for achieving the Council's housing objectives within each locality.
 - That prior to submission of the external funding bid, review the planned use of Right to Buy receipts to ensure that HCA funding for the project would offer the most financially advantageous source of funding.
 - That the Risk Register is reviewed to ensure all risks relating to grant funding and the use of Right to Buy receipts are identified and adequately mitigated.
 - That approval is sought from the Secretary of State to reclassify the site for housing development.
 - That the site is appropriated, where necessary, from the Council's General Fund to the Housing Revenue Account.

2 Reasons for Recommendations

- 2.1 Following the introduction of greater flexibilities for local authorities the Council is able to develop this site with circa 18 homes, as part of the new strategic approach to provide more and better housing in the borough.



- 2.2 Historically, the site was occupied by a section of the disused 'Eagle Colliery' works. Since the late 1930's the site was occupied by residential housing. The houses remained on the site for a relatively short period of time and were demolished some time prior to the mid 1970's. The site was appropriated for allotment purposes in the 1980's, this appropriated use ceased in the 1990's following a report from Advantage West Midlands that the site was unsuitable due to contamination. The site has remained vacant since.
- 2.3 In summary, this project will deliver 18 new Council-owned affordable rented properties on a council-owned site including 10 bungalows and 8 apartments are 2 flats and 2 bungalows that are being built to M(4)3 full wheelchair compliant standard for people with specific needs.

The table below shows the schedule of accommodation to be delivered.
Schedule of Accommodation

Number of units	Property Type	Square metres
5	2 x bed 3 person bungalows	60.2
2	2 x bed 3 person bungalows	78.4
3	2 x bed 4 person bungalows	66.2
8	1 x bed 2 person apartments	52 - 73
18		

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 was approved on 3rd November 2021.



- 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;
 - increasing income to the Housing Revenue Account;
 - Contributing positively to the financial position of the Council by generating New Homes Bonus and new Council Tax receipts.
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- 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.

2.5 Strategic Finance have carried out an appraisal of the funding application, which has been evaluated against HM Treasury Green Book guidance. The appraisal process recorded a score of 76%, with some areas of risk identified. The full Appraisal Report can be found in Appendix 3. The appraisal has recommended actions to mitigate the risk to the council, as detailed in 1.4 (d) above.

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 Building Regulations standard M4(2) "Accessible and Adaptable" which allows for easy adaptations of the properties and takes into consideration ease of access to the dwellings.</p> <p>In addition 4 properties are being built to Building regulations standard M4(3) "Wheelchair User Dwellings" which allows for simple adaptation of the dwelling to meets the needs of occupants who use wheelchairs".</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 local amenities of Great Bridge. The A41 Black Country New Road Road which offers a direct link to Walsall, West Bromwich, Oldbury, Birmingham and Junction 2 of the M5 and Junction 9 of the M6 motorways. This, along with West Midlands Metro and rail network ensures that new residents are well connected to an array of services and facilities.</p>



4 Context and Key Issues

4.1 Consultation

Public consultation has been undertaken as part of the Statutory Planning process and the application process to seek the Secretary of State's consent to appropriate for housing purposes.

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 secured through competitive tender. 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.
- 4.6 Planning approval for the proposal was achieved on 3 November 2021, with project start date June 2022 with completion due by March 2023.



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 be suitable for private sector residential development on basis of this, the site value is estimated to have a nil value. As the development would be in excess of 15 units, then it would be subject to planning policy HOU3 where consideration must be given to the provision of up to 25% affordable housing on site.

If this option is pursued it could result in the disposal of the land for market sale units only. Owing to very difficult ground conditions (the levels and the ground remediation) costs are relatively high and with current market conditions and inflationary costs the site is unlikely to provide commercial developers with the profit margins they require. Planning policy HOU3 where consideration must be given to the provision of up to 25% affordable housing on site is very likely to be challenged on viability grounds but it is likely that developers will overlook this site in favour of more viable options.

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.

Indications are that Homes England funding may be available through various Homes England Shared Ownership and Affordable Homes Programmes which could provide grant funding for a Registered Provider Partner to deliver affordable rented homes. This would give the Council nomination rights to the new properties but would not increase the Council owned housing stock or replace properties lost through RTB and would result in the disposal of a council owned asset (land) that could be used for this purpose.

As with option A above the high build costs and viability issues may render this site less attractive to Registered Providers.

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, grounds maintenance and ongoing maintenance and liability for the un-adopted road that serves existing properties. 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 would also result in an under-utilised Council asset.

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



6 Implications

Resources:	<p>The project cost of delivering the new council homes has been estimated in advance of tendering. This 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 30 year business plan.</p> <p>The rents charged on the properties will be affordable rents, which are 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. 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 18, but the overall debt will not be repaid until year 34, with a cumulative surplus in year 50 of £2.9m. In context of the overall value of the scheme, these payback periods appear to be reasonable risk.</p> <p>The appraisal carried out on the project includes grant funding from the Homes England Strategic Partnership 1 Programme. This equates to £36,500 per unit. 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>Land/building</p> <p>This land was acquired for Housing and was appropriated for allotment use and therefore remains a General Fund asset which will require appropriation to the Housing Revenue Account. 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>The Beever Road was originally acquired for housing purposes but was appropriated for use of allotments in 1983. Section 123(2A) of the Local Government Act 1972 states: "a Principal Council may not dispose under subsection (1) of any land consisting or forming part of an open space unless before disposing of the land they cause notice of their intention to do so, specifying the land in question, to be advertised in two consecutive weeks in a newspaper circulating in the</p>



	<p>area in which the land is situated, and consider any objections to the proposed disposal which may be made to them”.</p> <p>In these circumstances Section 123(2A) will need to be complied with to advertise the Council’s intention to formally categorise and appropriate the site for Housing purposes.</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 not identified any “red” risks that need to be reported at this stage. Actions have been put in place to mitigate this risk.</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	The development of this scheme will support investing in businesses, people and jobs. It will also actively promote Think Sandwell with the inclusion of 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 Beever Road, Tipton for identification purposes only.

Appendix 2 – Indicative planned layout

Appendix 3 – Appraisal Report

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

