

**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>26<sup>th</sup> JULY 2016</b>
<b>SUBJECT:</b>	<b>MEADWAY REGENERATION – CONTRACT AWARD</b>
<b>Key Decision: Yes</b>	<b>Relevant Forward Plan Ref: 001605/2016</b>
<b>If not in the Forward Plan: (please "X" box)</b>	<b>Chief Executive approved</b> <input type="checkbox"/> <b>O&amp;S Chairman approved</b> <input type="checkbox"/>
<b>Relevant Cabinet Member(s):</b>	<b>Councillor Peter Griffiths, Cabinet Member for Housing and Homes and Councillor Majid Mahmood, Cabinet Member for Value for Money and Efficiency</b>
<b>Relevant O&amp;S Chairman:</b>	<b>Councillor Victoria Quinn, Chair of the Housing and Homes and Councillor Mohammed Aikhlaq, Chair of the Corporate Resources and Governance</b>
<b>Wards affected:</b>	<b>Stechford &amp; Yardley North</b>

<b>1. Purpose of report:</b>
<p>1.1 This public award report provides details of the procurement process for the Meadway Regeneration Project following a competition exercise called off from the Homes and Communities Agency Delivery Partner Panel Framework Agreement. The private agenda report provides details of the results of the evaluation and makes recommendations as to the award of the contract.</p> <p>1.2 The contract will commence in August 2016 and run for a period of 3 years</p>

<b>2. Decision(s) recommended:</b>
<p>That Cabinet:</p> <p>2.1 Notes the procurement process that has been undertaken to appoint a housing developer for the construction of 68 new affordable homes for rent and 68 new homes for sale at the Meadway following a competition exercise using the Homes and Communities Agency Delivery Partner Panel Framework Agreement.</p>

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### **3. Consultation**

#### **3.1 Internal**

Elected Ward Members, the Executive Member for the District have been engaged on an ongoing basis on the overall proposals for the regeneration of the Meadway and support this report going forward for an executive decision. Councillors Jones and Eustace have stated that their support to the report is conditional on the provision of a replacement Library, Community centre and Harry Mosley Cancer Centre in the completed development. Provision of such facilities will be dependent on the availability of revenue and capital funding from the General Fund and the charity respectively.

3.1.1 Officers in Legal Services, City Finance, Procurement, Transportation Services and Connectivity have been involved in the preparation of this report.

#### **3.2 External**

3.2.1 The Member of Parliament for Yardley has been engaged on an ongoing basis and supports this report going forward.

3.2.2 The consultation with the local community was undertaken during September 2014 and included 3 indicative options for the regeneration of the Meadway. The recommendations within the Cabinet Report 'Moving Forward The Meadway Regeneration Programme' dated March 2015, supported the aspiration of the local community. Further consultation was undertaken in September 2015 on the outline planning application which included 136 residential dwellings, district centre to include retail uses (A1, A2, A3, A5) and/or community/leisure Uses (D1, D2) up to 2,730sqm (27,250 sq ft) (Gross Internal Area), new roundabout access from Meadway, access from Broadstone Road, enhancements to retained public open space, landscaping, provision of new playing fields, new multi-use games area, new toddler play area, new teenage play area, drainage works, ancillary works and demolition of existing buildings.

### **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+.

**Fairness** - , 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**- built on an inclusive economy by stimulating the construction industry through the Council's house building programme.

**Democracy** - by involving local people and communities in the future of their local areas and their public services, by consulting communities about proposals for new developments and ensuring that new homes meet local needs.

The proposed phased development of both retail and housing provides the opportunity for the aspiration of the Birmingham Development Plan to be delivered.

#### **4.1.2 Birmingham Business Charter for Social Responsibility (BB4CSR)**

The recommended provider is a certified signatory to the Birmingham Business Charter for Social Responsibility and has provided actions proportionate to the value of this proposed contract.

#### **4.2 Financial Implications**

4.2.1 Details of the financial implications of the tender award are included in the private report.

4.2.2 The costs of the new development can be met in line with the Full Business Case for the

Meadway regeneration as approved in March 2015, from resources identified for this purpose within the approved HRA Business Plan and Budget 2016+. These resources comprise the use of RTB receipts, cross-subsidy from sale properties and revenue contributions from the overall Housing Revenue Account. Ongoing revenue consequences are also in line with these approved plans.

#### 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. Section 174 of the Localism Act 2011 enables the Council to retain 100% of the receipts generated from the sale of new rented homes subsequently sold under the Right to Buy. In addition the Highways Act 1980 contains the relevant legal powers for adoption of new roads and changes to existing highway.

4.3.2 The legal power to dispose of land held within the Housing Revenue Account is contained within section 32 of the Housing Act 1985, General Consent A.

4.3.3 Section 19 of the Local Government (Miscellaneous Provisions) Act 1976 gives powers to provide recreational facilities

#### 4.4 Public Sector Equality Duty

4.4.1 There are currently around 28,000 people on the Council's waiting list for affordable housing. Many of these live in overcrowded conditions across the housing sector. Evidence from allocating properties previously developed under the Birmingham Municipal Housing Trust (BMHT) banner has revealed the extent of this problem, many families being allocated from accommodation that was too small for their needs, with a disproportionate percentage falling into protected characteristic groups contained within the Equality Act, 2010.

4.4.2 This development delivers homes that reflect the Strategic Housing Market Assessment for Birmingham with an emphasis on 2 bedroom and 4 and 5 bedroom houses. Whilst there is a clear driver for family homes the programme also looks to meet other needs, such as people without children and elderly residents who need to down-size from under-occupied homes.

4.4.3 The initial assessment reveals that there is no requirement for a Level 2 equality assessment as Meadway Regeneration will impact on the community that live there, however there is no differential impact as there are existing policies in place within the function area. For the demolition process, contract documents comply with Standing Order and Equal Opportunity requirements, new build programmes also comply with existing procurement regulations. Re-housing will be undertaken in line with the current allocations policy. A Level 1 equality assessment was included in the Business Case approval in March 2015.

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

5.1 The area referred to in this report as the Meadway Regeneration currently comprises the Poolway Shopping Centre with 38 retail units, 84 residential flats, community centre and a cleared housing site of 3.77 acres. The adjoining Kent's Moat recreation ground extends to 28 acres of public open space, however this space is not used to its full potential with very limited play equipment/facilities. The shopping centre does not meet current aspirations as a retail destination and suffers from a falling footfall. The centre although currently financially viable, in 2016 both the Co-op and Greggs stopped trading from the shopping centre, which has drastically reduced the footfall for the remaining shops. This regeneration programme represents a major opportunity to bring forward a high quality retail and housing development to serve this part of the City.

5.2 On 15 March 2015 Cabinet approved the Business Case for the regeneration of the Meadway, which includes: the first phase of 27,250sq ft of retail space, approximately 127 new homes, up to 40% use of the public open space for the development and significant improvements to the

remaining open space. In addition the Homes and Communities Agency provided £6.5 million under the Public Asset Accelerator Programme to support this scheme.

5.3 After approval in March 2015, the scheme was developed further, consultation was undertaken and the proposal was submitted for outline planning approval. On the 4 February 2016, outline planning approval was gained for:

- 136 residential dwellings, (please note this is an increase from 127 included in the business case due to improvements in the layout of the scheme, the number of sale properties have increased bringing the split to an equal 50% for sale and 50% council for rent.) new roundabout access from the Meadway, and access from Broadstone Road. See Appendix 1 which shows an indicative plan for the scheme.
- District centre to include retail uses (A1, A2, A3, A5) and/or community/leisure Uses (D1, D2) up to 27,250sq. ft. This aspect is being procured separately through Birmingham Property Services and is not part of this contract
- Enhancements to retained public open space, landscaping, provision of new playing fields, new multi-use games area, new toddler play area, new teenage play area, drainage works and, ancillary works. This will be delivered by the Landscape Practice Group and is not part of this contract.
- Outline planning permission was obtained on the 4 February 2016, following contract award of the successful contractor will have approximately 6 months to obtain reserved matters planning approval to deliver the scheme within the financial amounts approved. This approach ensures that the contractor has responsibility for the deliverability of the final design and layout of the scheme. If as a consequence of any required planning changes, the approved contract value is exceeded, it is recommended that this be delegated to the Strategic Director of Economy in conjunction with the Strategic Director of Finance and Legal.
- This report informs Cabinet of the tender process undertaken with the recommendations for the contract ward. This scheme will be led by the Council through Birmingham Municipal Housing Trust. See Appendix 2 Risk Register for this appointment.
- Meadway Scheme will include 15 apprenticeships over the duration of the project, 12 work experience placements, create 6 new positions within the organisation or as part of the sub contractors, provide opportunities for 2 graduates to support the delivery of the scheme. In addition work will be carried out with local schools and training provided to sub contractors.

#### **5.4 Procurement Approach**

5.4.1 On 16 March 2015, Cabinet approved the process for appointing a housing developer for this scheme and outlined the procurement strategy.

5.4.2 Part of the agreement condition of funding from the Homes and Communities Agency (HCA) was that the housing developer is appointed following a further competition exercise using the HCA Developer Partner Panel 2 (DPP 2 Framework Agreement). The providers on this Midlands lot for this panel are:

BDW Trading Ltd, Bellway Homes Ltd, Bloor Holdings Ltd, Bougues Thomas Vale Consortium, Bromford Housing Group Ltd, Corillion-Igloo Ltd, Catalyst Housing Ltd, Countryside Properties (UK) Ltd, Crest Nicholson PLC, Galliford Try Plc, Keepmoat Ltd, Kier Ltd, Logic Homes Ltd, Lovell Partnerships Ltd, Mansell Construction Services Ltd, Mar City Construction Developments Ltd, Morris Homes Ltd, Persimmon Homes Ltd, Places for People Homes Led, Redrow Homes Ltd, Taylor Wimpey UK Ltd, Wates Construction Ltd trading as Wates Living Space, Westleigh Developments Ltd, William Davis Ltd and Willmott Dixon Holdings Ltd

5.4.3 An expression of interest was issued to the Midlands Lot providers on 16th November 2015 in line with the protocol of the framework agreement. Tender documentation was then issued to those providers that expressed an interest in tendering for this opportunity on 11 December 2015.

5.4.4 The quality / price balances below used for the evaluation of tenders are in line with the requirements of the HCA DPP2 framework agreement guidelines of a criteria of 40% quality, 50% price and 10% social value.

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

5.4.6 Combined Quality and Social Value Assessment (50% Weighting)

Criteria	Overall Weighting	Sub-Weighting
Design, Quality and Specification	100%	16%
Experience and Competency – Build Programmes		32%
Management of Programme		16%
Organisational Management & Resources		16%
Social Value		20%

The social value assessment was incorporated within the quality criteria as a requirement of the HCA DPP Panel Framework Agreement.

5.4.7 Pricing (50% Weighting)

Tenderers were expected to price against a pre-determined specification and model.

5.4.8 Combined Price/Quality/Social Value Evaluation

The evaluation process resulted in comparative quality, social value and price scores for each tenderer. The details of which are included in the private report. The maximum quality score was awarded to the bid that demonstrates the highest for quality, the maximum price score was awarded to the lowest acceptable price and similarly the maximum social value score was awarded to the bid that demonstrates the highest social value. Other tenderers were scored in proportion to the maximum scores in order to assess value for money. The weighted scores were then added together to determine the successful bid.

5.4.9 Evaluation Team

The evaluations of tenders was undertaken by representatives from:

- Housing Regeneration and Development
- Planning and Regeneration
- Homes and Communities Agency
- The Council's Employers Agent

5.5 Contract Management

The contract will be managed by the Regeneration Project Manager.

## 6. Evaluation of alternative option(s):

6.1 Not to award a contract – This is not an option as it would reduce the ability to meet targets set for the Housing Revenue Account Business Plan 2016+.

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

7.1 To enable the contract to be awarded for the development of housing within the Meadway area for the development of 136 new homes to support the Housing Revenue Account Business Plan 2016+.

**Signatures:**

**Date:**

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Cllr Majid Mahmood  
Cabinet Member for Value for Money and Efficiency

.....  
Cllr Peter Griffiths  
Cabinet Member for Housing and Homes

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Waheed Nazir  
Strategic Director of Economy

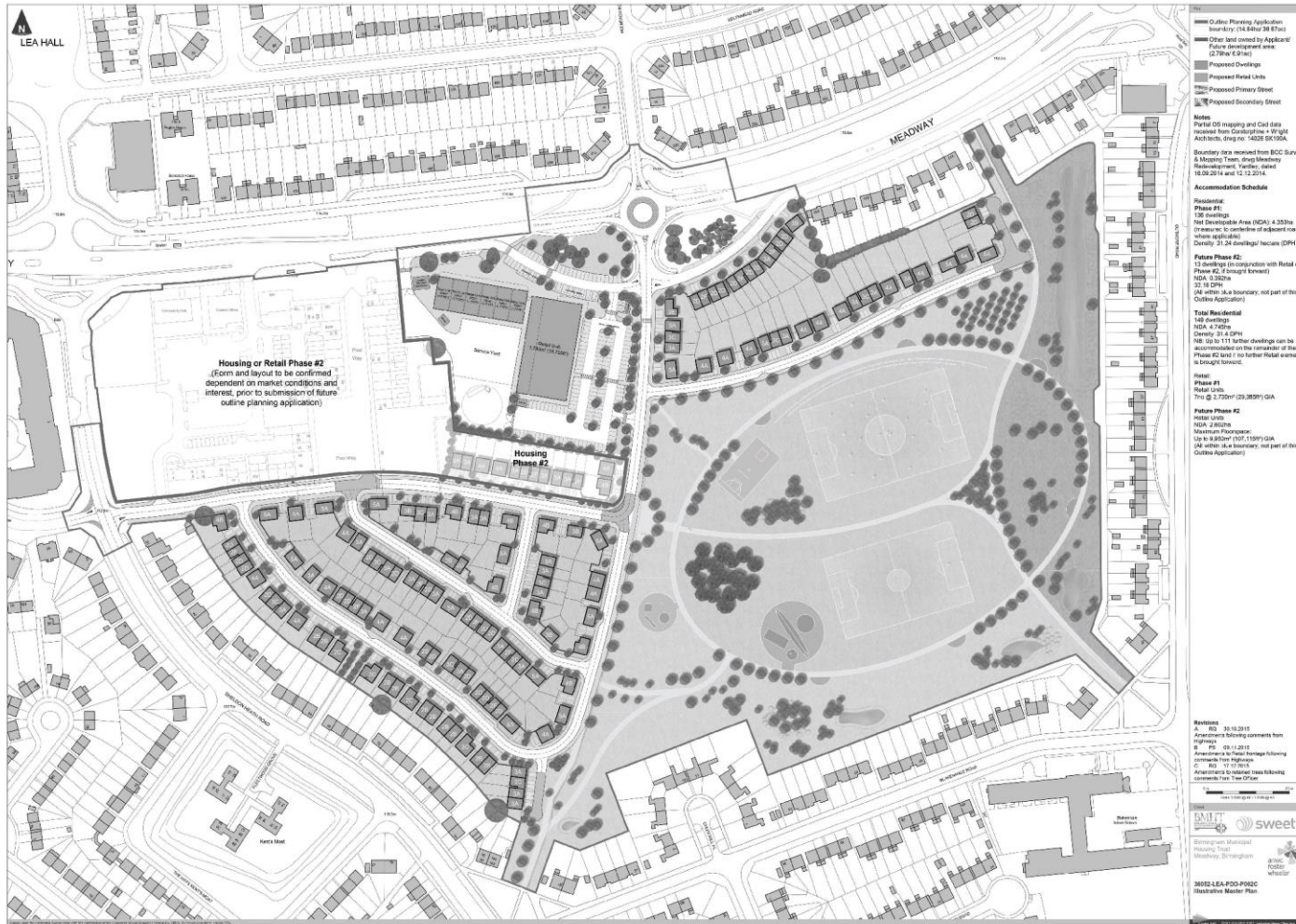
**List of Background Documents used to compile this Report:**

1. Cabinet Report - Moving Forward the Meadway Regeneration Programme, 16 March 2015

**List of Appendices accompanying this Report (if any):**

1. Indicative Plan of the Scheme
2. Risk Register

INDICATIVE PLAN FOR PHASE ONE PROPOSALS



**RISK REGISTER –**

**APPENDIX 2**

Description of Risk	Impact	Probability	Score	Mitigation Measures	Adjusted risk	Risk Owner
Delays due to contractors securing necessary highway agreements	4	2	8	Co-ordinated approach between BMHT delivery team, appointed contractors, Development Strategy Team and Street Services Division	4	BCC & Contractor
Contract Variations/ Unforeseen costs	4	2	8	Working closely with all parties for all costs of programme, any cost variations to be checked for validity by the Council's employers agents. Cost variations would be discussed with both Home Communities Agency and BCC Finance. Any changes initially would be considered within agreed Full Business Case and Home Communities Agency and also the wider Birmingham Municipal Housing Trust programme if required.	4	BCC & Contractor
Contacting insolvency during construction or lack of access to credit required to complete the developments	4	2	8	Stringent Finance and Capacity checks has been carried out as part of the tender evaluation process	4	BCC & Contractor
<b>IMPACT</b>	<b>Probability</b>		<b>SCORE</b>			
1 - Insignificant	1 - Unlikely		1 - 4			
2 - Minor	2 - Possible		5 - 8			
3 - Moderate	3 - Likely		9 -12			
4 - Major	4 – Almost Certain		13 -16			