

Report to:	CABINET COMMITTEE - PROPERTY
Report of: Date of Decision:	Strategic Director - Homes and Neighbourhoods 8 December 2011
SUBJECT:	MEADWAY REGENERATION PROPOSALS
Key Decision: NO	Relevant Forward Plan Ref:
If not in the Forward Plan: (please "tick" box)	Complied with Rule 15 <input type="checkbox"/> N/A Complied with Rule 16 <input type="checkbox"/> N/A
Type of decision:	Executive
Relevant Cabinet Member(s):	Councillor John Lines
Relevant O&S Chairmen:	Councillor Roger Harmer
Wards affected:	Stechford & Yardley North

1. Purpose of report:

- 1.1 To inform Cabinet Committee Property of the work undertaken with the Homes and Communities Agency for the redevelopment of the Meadway to provide new housing, retail and a shared service hub for public services.
- 1.2 To seek approval for the Project Definition Document for the Meadway Regeneration Project and develop a preferred option to Full Business Case, including options for delivery.

2. Decision(s) recommended:

It is recommended that Cabinet Committee – Property

- 2.1 Supports the work undertaken by the City Council with the Homes and Communities Agency (HCA) on the development of options for the Meadway regeneration project and approves the Project Definition Document as detailed in appendix one.
- 2.2 Approves the further development of a preferred option to Full Business Case (FBC), subject to resolution of any funding gaps identified.
- 2.3 Approve the allocation of £50,000, to be funded from Public Sector Housing Advanced Design Fees Budget to progress the proposals to Full Business Case.

Contact Officers:

Bali Paddock, Homes and Neighbourhoods, Tel. no. 0121 303 3968
Bali.paddock@birmingham.gov.uk
 Julie Leah, Birmingham Property Services, Tel. no. 0121 303 2090
Julie.leah@birmingham.gov.uk

3. Compliance Issues:

3.1 Are decision(s) consistent with the Council's Policies, Plans and Strategies focused on "Global City with a Local Heart"?

The proposals are in line with aspirations of the Housing Plan 2010 and vision of the City Housing Partnership. It will help deliver the Core Strategy proposals for housing growth in East Birmingham. The project also accords with the Sustainable Community Strategy (2026) by encouraging partnership working between internal and external local service providers and contributes to the Business Transformation 'Working for the Future' (Cross Portfolio sub programme) through service led integrated provision. The WFTF Revised Full Business Case was presented to and approved by Cabinet in 2008.

The proposals respond to the Council Business Plan 2011+ strategic outcomes of:

Outcome 1 - succeed economically by providing new housing well connected for residents to access employment opportunities in the City Centre and the NEC/Airport/M42 corridor. Outcome 2 - Stay Safe in a Clean, Green City by providing new homes and improvements to the adjoining Kents Moat recreation ground. Outcome 3- Be Healthy by providing links to potential health services that could be delivered from the Shared Services Hub and improving the public open space facilities. Outcome 4- Enjoy a High Quality of Life by providing high quality new affordable homes and, improved access to Council and other services.

3.2 Have relevant Ward and other Members / Officers been properly and meaningfully consulted on this report?

The Cabinet Members for Housing; Transport, Environment and Regeneration; Finance and Leisure Sport and Culture have been consulted and are supportive of the proposals going forward for an Executive decision. The local Ward Councillors and the local Member of Parliament have been engaged on an ongoing basis on the overall proposals for the regeneration of the Meadway and welcome redevelopment. Ward Councillors have confirmed their approval to the report progressing to an Executive decision. The Working For The Future Strategic Programme Board has also been advised of the proposals concerning the delivery of a shared service hub on the 30th September 2011. In accordance with the Gateway and the Projects and Programmes methodology, the Investment Evaluation team have appraised this project and have recommended it for approval. Other City Officers including Finance and Legal Services have been consulted on this report.

3.3 Are there any relevant legal powers, personnel, equalities, regeneration and other relevant implications?

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 Part 2 of the Housing Act 1985. Under the powers granted under S120-123 of the Local Government Act 1972, the Council has the power to acquire, dispose and manage assets and under S19 of the Local Government (Miscellaneous Provisions) Act 1976 the Council has the necessary powers to provide and build community facilities.

3.4 How will decision(s) be carried out within existing finances and resources?

The delivery mechanism for this project has not been finalised and will be considered as part of the FBC. The PDD has been modelled on the basis of clearing the site and assuming this approach there is an estimated average HRA revenue funding gap of £395,000 per annum over a 30-year period, which equates to a total funding gap of £11.8m. This financial implication has not been incorporated into the HRA Business Plan 2012+ and as part of the FBC options for mitigating this gap will be considered, including exploration of opportunities to attract external funding (whether from the HCA or other agencies), identification of efficiency savings and the scope for innovative delivery mechanisms to reduce costs to the Council. It has been assumed that the capital cost of assembling the site will be funded from within the overall Public Sector Housing capital programme, with further details to be finalised as a part of the development of the FBC. The cost of the Shared Services Hub is yet to be determined and is dependant on the eventual level of involvement from public sector partners which will be worked up for the FBC. The City Council has identified a maximum of £4m as a contribution towards its estimated cost, which will be funded through approved prudential borrowing and forecast capital receipts of £2.736m. The revenue consequences of the prudential borrowing and the property related running costs of the Shared Services Hub (based on the Council's share only) will be met from approved Working for the Future budgets and savings generated through consolidation of service activity.

The cost of upgrading the remaining open space at Kents Moat will need to be met from the overall scheme together with any increased costs of maintenance arising from those enhancements, this will be part of the FBC. £50,000 is available from the Public Sector Housing Advanced Design Fees Budget to develop the housing and retail elements of the scheme as it progresses to FBC.

3.5 Have all relevant Risk Management, Community Cohesion and Equality Act requirements been considered and/or concluded? If yes, how will they be implemented to deliver the Council's objectives?

A risk register has been prepared and attached as appendix 3. An Equality Impact Assessment will form part of the FBC

3.6 How will this report help to inform, further improve or otherwise, help to deliver the Council's BEST initiative?

The report reiterates the Council's commitment to establish an environment in which officers, residents, external partners and stakeholders can effectively and visibly work together to make best use of the resources available.

4. Relevant background/chronology of key events:

- 4.1 The area referred to in this report as the Meadway comprises the Poolway Shopping Centre with 38 retail units including a Co-op supermarket; 82 residential properties (a mix of 56 council, 12 Housing Association and 14 privately owned units); public car park serving the shopping centre; a community centre; separate neighbourhood office and a cleared housing site of 3.77 acres approximately. The adjoining Kents Moat recreation ground extends to 28 acres of public open space. The City Council owns the freehold interest in the whole of this site although this is subject to a number of leasehold interests. Appendix 2 shows a plan of the area.
- 4.2 The shopping centre was built in the 1960s and comprises ground floor retail units with residential units above. The centre is inward facing and has poor visibility from the Meadway (road). Despite investment in the 1990s, the centre has suffered from a declining footfall. There is a community centre and neighbourhood office adjoining the centre and library services are delivered from one of the shop units.
- 4.3 The project site is located along a key corridor (The Meadway) in the Eastern Corridor between 2 regional economic drivers, Birmingham City Centre and the NEC/Airport/M42 corridor. Lea Hall station is located in close proximity to the north of the site providing connectivity for communities to employment opportunities. Transport links would be further enhanced by the proposed provision of a new high quality rapid transit route through east Birmingham. There is the opportunity to bring together a number of factors to create a major regeneration opportunity at this location offering a significant quantum of benefits to the local community. On this basis the Meadway site was identified as a high priority in the joint City Council /Homes and Communities Agency 'Local Investment Plan' (LIP) approved by Cabinet in March 2010.
- 4.4 The Meadway project provides the opportunity to deliver a Shared Services Hub(SSH); this facility would include a combination of 'modest' City Council and other public sector services co-located together, improving access for the local community. There are also opportunities for the Third Sector to become involved. The Shared Services Hub proposals would build on the model currently nearing completion at Farm Road – The Sparkbrook Community and Health Centre which incorporates a range of City Council and health facilities developed by the Working For The Future (Cross Portfolio) Business Transformation Programme). This SSH model has been previously approved by the Business Transformation 'Working for the Future' Strategic Programme Board in January 2010 and the Business Transformation Steering Group in December 2009. The proposed SSH would incorporate new ways of working for the delivery of neighbourhood office provision in accordance with the Customer First Future Operating Model approved by Cabinet December 2009. The building running costs will be funded through property rationalisation, using the budgets of the closed buildings to pay for the new one, giving a cost neutral position. This revenue business case will be a critical part of the next stage at FBC. Another resultant benefit will be the rationalisation of service property – both BCC and public sector partners which is often poor quality and not fit for purpose and will thus add to the overall regeneration of the area.
- 4.6 The regeneration of the area has already gained considerable interest. There have been a number of consultation exercises over the past 5 years with local residents from which the principle of reducing the open space at Kents Moat recreation ground by 20% for new housing has been generated. Local ward members have indicated that they would support this approach. In addition the project also enjoys a significant measure of support from the HCA. In February 2011 a contribution of £40,000 was received from the HCA towards consultancy fees and associated costs to undertake development option appraisals for the Meadway area and GVA Grimley were appointed with a brief to focus on the development of viable and deliverable options for a comprehensive and integrated approach to the core elements of the Meadway area.
- 4.5 A number of options were explored which were then refined down to the following 4 options: do nothing, develop housing only, partial refurbishment/partial demolition and comprehensive redevelopment. These options will be considered further and in depth at the FBC stage.
- 4.6 Part of the work undertaken included soft market testing to ascertain interest from developers in the current climate if the City Council decided to proceed with this project. Despite the current challenging economic situation, significant interest was received in principle. Further market testing could be carried out as part of the full business case stage.

4.7 Following completion of the initial study, the option for the provision of the shared service hub has been refined further with a proposal now to build the Shared Services Hub accommodation over the retail element, freeing up additional land for housing development. This will be developed further as part of the FBC and will include an appraisal of delivery vehicles including the potential for a developer led scheme or a City Council build option either on its own or in a joint venture partnership. Interest from public sector partners currently includes health services which could be integrated with the 'modest' provision of Council front line services (library, community space, neighbourhood office etc) and some back office space to support agile working arrangements in east Birmingham.

4.8 If a comprehensive redevelopment approach was taken the anticipated outputs could be as follows –

- A renewed centre for outer east Birmingham providing an improved retail offer in the context of changing patterns of shopping provision.
- a Shared Services Hub providing access to services to local people.
- a more appropriate mix of housing types and tenures which better meet the housing needs of local residents, created by the cleared tower blocks..
- enhanced quality of retained open space.

At the moment a comprehensive option shows a funding gap of £11.8 million over a 30 year period. This is within the overall context of the estimated investment value of over £50million for such an option. Further work at FBC stage such as the potential integration of the Shared Services Hub and the retail could reduce this gap and make a scheme more viable. In addition, HCA funding could become available in the future and will be considered at the next stage. In addition value engineering and innovative delivery mechanisms will also be explored. The preferred delivery and procurement for a recommended option will also be addressed in the Full Business Case (FBC) which will be submitted to Cabinet in September 2012. If it is subsequently decided to appoint a developer for the project this could be carried out in 2013, and completion of the project could be achieved by 2018/19. Homes and Neighbourhoods will be the lead Directorate with Planning and Regeneration and Birmingham Property Services working on the retail and Shared Services Hub elements of the programme.

5. Evaluation of alternative option(s):

- 5.1 Option One was to do nothing at this point. In this case the Poolway shopping Centre will continue to decline and the opportunity to regenerate a local centre will be lost.
- 5.2 Within the parameters agreed with the local ward members, a number of redevelopment options have been considered. These have included, do nothing, develop housing only, variations on part refurbishment and part redevelopment and comprehensive redevelopment options. These will be developed further as part of the FBC.
- 5.3 The option as set out in the PDD appendix 1 shows the impact of a comprehensive redevelopment approach and the funding gap that would need to be bridged. The arrangement and quantum of retail and housing will be determined through the Full Business Case together with the delivery options for all the elements of the scheme.

6. Reasons for Decision(s):

- 6.1 To progress to Full Business Case stage the further development of a preferred option subject to resolution of any funding gaps identified to achieve the overall regeneration benefits for the Meadway.

Signatures (or relevant Cabinet Member(s) approval to adopt the Decisions recommended):

Chief Officer(s):

Cabinet Member(s):

Dated:

List of Background Documents used to compile this Report:

1. The Housing Plan 2010
2. The Draft Birmingham Core Strategy 2026
3. Sustainable Community Strategy 2026
4. Council Business Plan 2011+
5. Meadway Regeneration-Options Viability Study – produced by GVA
6. Cabinet Committee Property 22nd June 2009 – Project Definition Document for Poolway Shared Services Hub

List of Appendices accompanying this Report (if any):

1. Project Definition Document
2. Plan of the area
3. Risk Assessment

PROJECT DEFINITION DOCUMENT (PDD)

1. General Information

Directorate	Homes and Neighbourhoods and Corporate Resources	Portfolio/Committee	Housing Leisure Sport and Culture
Project Title	Meadway Regeneration	Project Code	
Project Description	<p>The area referred to as the Meadway comprises the Poolway Shopping Centre with 38 retail units amounting to approximately 7060 sq m including a Co-op supermarket, 82 residential properties (mix of Council, Housing Association and leasehold 'right to buy') a council Community Centre, Neighbourhood Office and Kents Moat recreation ground (total 28 acres- 11.33 hectares).</p> <p>The shopping centre was built in the 1960s and comprises ground floor retail units with residential units above. The centre is inward facing and has poor visibility from the Meadway (road).The Centre has suffered from lack of investment over the years. It is understood that trading in the centre has suffered significantly since the demolition of the adjoining tower blocks 2009/10. The community centre and neighbourhood office adjoining the centre are also in poor condition and library services have been delivered from one of the shop units. The surrounding open space – Kents Moat recreation ground is also poor quality and as none of the existing residential property surrounding the space overlooks it, and the perception is that the area is seen as hostile and unsafe. This project looks at options for the redevelopment of the Meadway Centre and the elements include:</p> <ul style="list-style-type: none"> • New housing - Across East Birmingham there is a demand for houses and this could be delivered in a number of ways including through the traditional sale of land, through City Council development using the Birmingham Municipal Housing or developer led. BMHT have delivered over 500 new properties with more near completion and have won the grand prix award and the award for the best use of housing in regeneration 2011. • The City Council's ambition to create a Shared Services Hub; this facility would include a combination of 'modest' City Council services and other public sector services co-located together, improving access for the local community. There are also opportunities for the Third Sector to become involved. The SSH proposals would build on the model currently nearing completion at Farm Road – The Sparkbrook Community and Health Centre which incorporates a range of City Council and health facilities developed by the Working For The Future (Cross Portfolio) Business Transformation Programme. This SSH model has been previously approved by the Business Transformation 'Working for the Future' Strategic Programme Board in January 2010 and the Business Transformation Steering Group in December 2009. The proposed SSH would incorporate new ways of working for the delivery of neighbourhood office provision in accordance with the Customer First Future Operating Model approved by Cabinet December 2009. The building running costs will be funded through property rationalisation, using the budgets of the closed buildings to pay for the new one, giving a cost neutral position. This revenue business case will be a critical part of the next stage at FBC. Another resultant benefit will be the rationalisation of service property – both BCC and public sector partners which is often 		

	<p>poor quality and not fit for purpose and will thus add to the overall regeneration of the area.</p> <p>Improvements to the retail – The opportunity to review the future of the shopping centre in the context of changing patterns of retail provision within the area .</p> <ul style="list-style-type: none"> • The opportunity to reduce public open space by 20% to create housing opportunities and to enhance the quality of the retained open space • The POS is held by the Leisure Sport and Culture portfolio and the other land is held by the Housing portfolio, with a small number of private interests in the remaining retail and residential. • Further work will need to be undertaken as part of the FBC around the development and procurement process. The delivery of the hub and elements of the retail are also under consideration at the current time with a number of options being considered such as a developer led scheme or City Council build option either on its own or in a joint venture partnership. • These proposals are in line with the Housing Plan 2010, the Council Business Plan 2011+, Draft Birmingham Core Strategy 2026, Sustainable Community Strategy 2026 • The Homes and Neighbourhoods Directorate would lead on the development of the FBC in conjunction with Corporate Resources
<p>Links to Corporate and Service Outcomes</p>	<p>The Report is consistent with the following policy priorities.</p> <ul style="list-style-type: none"> • The Housing Plan 2010 with the provision of new housing • The scheme also accords with the Sustainable Community Strategy (2026) by encouraging partnership working between internal and external local service providers and contributes to the Business Transformation (Cross Portfolio sub programme) through service led integrated provision of public sector services.

	<ul style="list-style-type: none"> • The proposals also responds to the Council Business Plan 2011+ strategic outcomes of: Outcome 1 - succeed economically by providing training and employment opportunities for local people in construction and retail industries. Any changes to the retail offer could also include opportunities for local businesses to relocate. Services within the Shared Service Hub will provide local residents with opportunities to access Council services and other benefits. Outcome 2 - Stay Safe in a Clean, Green City by providing new homes and improvements to the adjoining Kents Moat Recreation ground. Outcome 3- Be Healthy by providing links to potential health services that could be delivered from the hub and improving the public open space facilities. Outcome 4- Enjoy a High Quality of Life by providing high quality new affordable homes and improved access to Council and other services • The Birmingham Plan (UDP)– the project responds the objectives of housing regeneration and improvement of local centres. This is continued in the emerging Core Strategy – that identifies the Meadway with the potential to be a growth point as part of a ‘Sustainable Urban Neighbourhood’.
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Project Benefits	<ul style="list-style-type: none"> • Provision of new housing including a percentage of affordable homes • The Shared Services Hub (SSH) will provide a range of public services from one access point for local people including Council and other public services including potential access to local health facilities • Improvements to the retail offer for local people • Improvements to the public open space to make it more user friendly, with the proposed new housing overlooking the site. It is also proposed that the open space can be managed locally from the SSH • Investment in the regeneration of the area working with the Homes and Communities Agency and the private sector to meet the aspirations of the local community
Project Deliverables	<ul style="list-style-type: none"> • A Shared Services Hub building providing services for local people • An improved retail offer • New Mixed Tenure Housing • Improvements to Kents Moat recreation ground

Key Project Milestones	Planned Delivery Dates
Cabinet Report with FBC	September 2012
Procurement of any partner (s) (as appropriate)	2013
Acquisition of any necessary properties	2014-2016
Development to start on site	2013
Completion of scheme	2018/2019

Dependencies on other projects or activities	<ul style="list-style-type: none"> • There is an interdependency of all of the elements to deliver a comprehensive and strategic approach to this project. • Funding sources to be finalised, this includes continuing to work with HCA, value engineering and innovative design solutions • Planning permission will need to be gained • Advertising the loss of part of the POS • Infrastructure works and highways implications will need to be discussed further • Procurement of any partners • associated legal agreements signed
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Achievability	<p>Planning approval for the preferred option will be required and the City Council may need to use its legal powers as necessary.</p> <p>If the comprehensive redevelopment option is chosen there is currently a funding gap which would need to be reduced and work will be done with HCA, value engineering and innovative design solutions. The core elements are: Housing, Retail, Shared Service Hub and improvements to the Public Open Space – each element could be</p>
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	<p>delivered in isolation. There are a number of options for the delivery of this project :- A Developer led approach could be used .Housing could be delivered using the Birmingham Municipal Housing Trust (BMHT), BMHT have a proven track record with schemes completed on time and to budget</p> <p>Options are being considered for the delivery of a SSH and the potential for the City Council to deliver this element of the scheme either itself or in joint venture partnership would also need to be determined as part of the next phase of work. The SSH would build on the model currently nearing completion at Farm Road – The Sparkbrook community and Health Centre which incorporates a range of City Council and health facilities.</p>		
Project Manager	<p>Julie Leah, Head of Local Property Management, Birmingham Property Services. Julie.leah@birmingham.gov.uk. 0121 303 2090 (SSH element)</p> <p>Bali Paddock, Regeneration Project Manager, Homes and Neighbourhoods, Bali.paddock@birmingham.gov.uk 0121 303 3968</p>		
Project Accountant	<p>Guy Olivant , Head of City Finance – Housing James Dair, Birmingham Property Services</p>		
Project Sponsor	<p>Elaine Elkington Strategic Director Homes and Neighbourhoods</p>		
Proposed Project Board Members	<p>Julie Leah, Head of local Property Management Stephen Dodds, Investment and Regeneration Manager (HCA) Bali Paddock, Regeneration Project Manager Sharon Freedman, Head of Regeneration Kathryn James, Birmingham Property Services, Major Projects Guy Olivant , Head of City Finance – Housing James Dair- Finance Manager Birmingham Property Services</p>		
Head of City Finance (HoCF)	<i>Guy Olivant</i>	Date of HoCF Approval	<i>November 2011</i>
<i>Other Mandatory Information</i>			
<ul style="list-style-type: none"> Has project budget been set up on Voyager? 			<i>no</i>
<ul style="list-style-type: none"> Issues and Risks updated (<i>Please attach a copy to the PDD and on Voyager</i>) 			<i>as attached</i>

2. Options Appraisal Records

The following sections are evidence of the different options that have been considered in arriving at the Project Definition. All options should be documented individually.

Option 1	Do nothing and defer at this point
Information Considered	Housing Plan 2010, Council Business Plan 2011+, The Draft Birmingham Core Strategy and the Sustainable Community Strategy 2026, Working For The Future Revised Full Business Case (Cabinet 2008)
Pros and Cons of Option	Con The area would continue to decline both economically and visually There would be no improvements made for local residents
People Consulted	Local Ward Members and MP Home and Communities Agency Officers within Housing, Planning and Regeneration, Birmingham Property Services
Recommendation	This option was abandoned at this stage.
Principal Reason for Decision	This option does not support any of the Councils priorities

Option 2	Develop new housing only
Information Considered	Develop the Housing on the cleared land that is available and do nothing with the retail or Shared Services Hub Housing Plan 2010, Council Business Plan 2011+, The Draft Birmingham Core Strategy 2026 or the Sustainable Community Strategy 2026
Pros and Cons of Option	Pro This option is less complicated and could be achieved quicker Costs will also be lower because only the housing would be developed in isolation. Con This would not provide a comprehensive regeneration approach and would leave elements, such as the retail to go further into decline. In addition full value would not be achieved for new housing within the area, especially where houses would be built for sale.
People Consulted	Local Ward Members and MP Home and Communities Agency Officers within Housing, Planning and Regeneration, Birmingham Property Services
Recommendation	This option was abandoned at this stage
Principal Reason for Decision	Meadway area requires a more comprehensive approach to redevelopment, undertaking only elements would not provide the improvements required in the area. A deteriorating shopping centre and public service buildings will also impact on the viability of the housing scheme. This option supports the Housing Plan 2010 only

Option 3	Partial refurbishment and partial demolition of the shopping centre and remaining housing
Information Considered	Housing Plan 2010, Council Business Plan 2011+, The Draft Birmingham Core Strategy 2026 or the Sustainable Community Strategy 2026 This is based on partial refurbishment/redevelopment scenario. It includes approximately 50% acquisition and demolition of the commercial units and residential blocks to the rear of the existing Poolway Shopping Centre
Pros and Cons of Option	Pro This proposal includes a new build retail element fronting the Meadway to accommodate relocated units and the refurbishment of the retained elements of the Poolway Shopping Centre. Delivers new build houses which supports the Housing Plan 2010, Council Business Plan 2011+ and the Draft Birmingham Core Strategy 2026 Less acquisition costs Con The disadvantage of this approach is that half refurbishment and half new build has restricted flexibility with remodelling/design Restricted uplift of existing retail Potential lack of interest from developers for this approach
People Consulted	Local Ward Members and MP Home and Communities Agency Officers within Housing, Planning and Regeneration, Birmingham Property Services
Recommendation	This option was abandoned at this stage
Principal Reason for Decision	This does not offer a comprehensive regeneration approach

Option 4	Comprehensive Redevelopment Option
Information Considered	Housing Plan 2010, Council Business Plan 2011+, The Draft Birmingham Core Strategy 2026 or the Sustainable Community Strategy 2026 This is based on a comprehensive redevelopment providing new housing, retail, shared service hub and enhanced public open space. It could include the option of having retail and the Shared Services Hub in the same building
Pros and Cons of Option	Pros Allows an integrated approach to new development Delivers improved retail offer Delivers new housing Delivers Improvements to POS funded through the development Cons Complexity of assembling scheme and its delivery Potential overall gap funding – but options to reduce this will be considered as part of next phase (FBC)
People Consulted	<i>Local Ward Members and MP</i> Home and Communities Agency Officers within Housing, Planning and Regeneration, Birmingham Property Services
Recommendation	<i>Proceed or Abandon this Option?</i> Proceed to Full Business Case
Principal Reason for Decision	This option supports all the Councils Priorities This option delivers a holistic regeneration approach with all the elements required, it has support from local members, Homes and Communities Agency has interest from developers

3. Summary of Options Appraisal – Price/Quality Matrix									
	Options				Weighting	Weighted Score			2
Criteria	1	2	3	4		1	2	3	4
Price Evaluation Criteria									
Affordability of the project	9	10	0	2	30	2.7	3	0	0.6
Quality Evaluation Criteria									
1) New high quality Housing –including affordable housing	0	10	10	8	30	0	3	3	2.4
2)Improved Retail offer	0	0	4	10	10	0	0	0.4	1
3)Shared Services Hub	0	0	5	10	10	0	0	0.5	1
4) Sustainability	0	2	5	10	20	0	0.4	1	2
Total					100%	2.7	6.4	4.9	7

4. Option Recommended	Recommendation is subject to resolution of funding gap and detailed work at FBC- Option 4 .
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5. Budget Information				
	Year 1	Year 2	Year 3 to 30	Total
	£000	£000	£000	£000
HOUSING				
Housing Capital				
Savings on investment of properties to be demolished ¹	(50)	(51)	(2,081)	(2,181)
Clearance, Acquisitions and Other Costs ²	7,942	0	0	7,942
Total Housing Capital Expenditure	7,892	(51)	(2,081)	5,761
Capital Financing				
Land Receipts ³	(863)	(5,764)	0	(6,627)
Total Capital Financing	(863)	(5,764)	0	(6,627)
Net Capital (Surplus) / Deficit	7,029	(5,815)	(2,081)	(867)
Housing Revenue Account (HRA)				
Net loss of rental income from properties to be demolished ¹	50	51	6,984	7,085
Capital Financing Costs ⁴	283	331	4,145	4,758
Net HRA (Surplus) / Deficit	332	382	11,129	11,843
NON-HOUSING GENERAL FUND				
Capital Expenditure				
BCC share of build cost of shared services hub	4,000	0	0	4,000
Total Capital Cost	4,000	0	0	4,000
Capital Financing				
Prudential Borrowing (already approved as part of WFTF programme) Debit borrowing reflects year 2 capital receipts	(2,705)	1,441	0	(1,264)
General Fund Capital Receipts	(1,295)	(1,441)		(2,736)
Total Capital Financing	(4,000)	0	0	(4,000)
Net Capital (Surplus) / Deficit	0	0	0	0
Revenue Expenditure				
Building related running costs of BCC share of shared services hub	276	276	11,276	11,828
Capital Financing Cost - Cost of shared services hub and Appropriation of Housing Land and general fund land ⁵	92	133	1,847	2,072
Total Revenue Expenditure	368	409	13,123	13,900
Working for the Future Revenue Funding	(92)	(133)	(1,847)	(2,072)
Savings Generated Through Consolidation of Service Activity	(276)	(276)	(11,276)	(11,828)
Net Revenue Expenditure	0	0	0	0

5. Budget Information continued				
	Year 1	Year 2	Year 3 to 30	Total
	£000	£000	£000	£000
TOTAL REVENUE (SURPLUS) / DEFICIT	332	382	11,129	11,843
TOTAL CAPITAL (SURPLUS) / DEFICIT	7,029	(5,815)	(2,081)	(867)

Notes / Key Assumptions

¹ The capital savings relate to the investment costs that would not be incurred on these 56 properties. The revenue costs relate to the rent loss of the 56 HRA properties offset by loss of rent on voids; costs of arrears, repairs, management and the capital financing costs of the properties as a result of the HRA reforms from 1st April 2012.

² The Clearance, Acquisition and Other Costs include all costs associated with site assembly

³ The land receipts are based on the assumption that the retail site and residential site are sold to a developer. The forecast value has been reduced to take account of estimated highways costs of £1.2 million. The Housing element is based on 80% of the land value in accordance with existing Council policy.

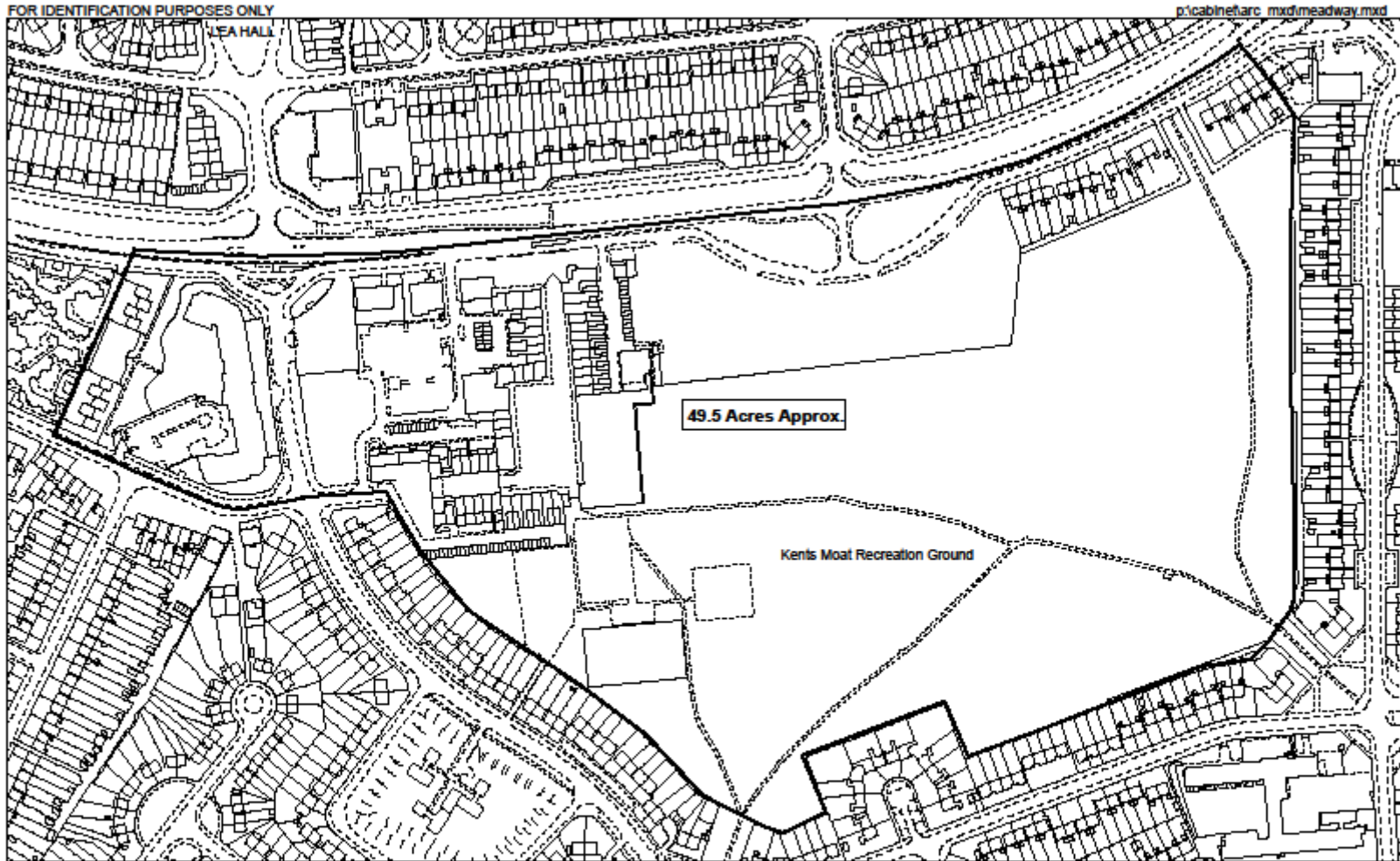
⁴ The Housing Capital Financing Costs relate to the cost of borrowing for the 56 HRA properties included in the HRA reform settlement on 1st April 2012, the cost of borrowing on the net capital expenditure and the reduced borrowing cost to the HRA for the land appropriated to the General Fund.


⁵ The Non-Housing Capital Financing Costs relate to the £4m prudential borrowing to finance BCCs share of the shared service hub and the value of land appropriated from the HRA to the General Fund.

⁶ The base assumptions underlying the model assume inflation at 2.5% per annum, interest rates of 6.4% in Year1 rising to 7% in Year 7.

6. Project Development Requirements/Information	
Products required to produce Full Business Case	<ul style="list-style-type: none"> • Financial plan including funding • High Level design • Procurement and Delivery models • Stakeholder analysis • Stage 1 Equality Impact Assessment
Estimated time to complete project development	9 months
Estimated cost to complete project development	£50,000
Funding of development costs	Public Sector Housing Advanced Design fees budget

Planned FBC Date	September 2012	Planned Date for Technical Completion	2018/2019
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<p>Meadway Redevelopment Yardley</p>		<p>Peter Jones BSc, MRICS Director of Property Birmingham Property Services 1 Lancaster Circus PO Box 2470 Birmingham B1 1TR</p>	<p>Scale 1:3,000 Drawn MI Date 15/08/2011</p>		<p><small>Reproduced from Ordnance Survey mapping with the permission of the Controller of Her Majesty's Stationery Office © Crown Copyright. Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or civil proceedings. Licence No. 10002129.</small></p> <p><small>A2 Road Map, if present, reproduced by permission of Designplan/A2 Map Co Ltd. Licence No. A2001.</small></p> <p><small>This product includes mapping data sourced from Ordnance Survey. Unauthorised reproduction infringes both A2 and Crown Copyright and may lead to prosecution or civil proceedings.</small></p> <p><small>Aerial Photography, if present, ©2008 Aerial Photography Designplan/A2, 2007.</small></p>
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Produced by the Survey & Mapping Team, SPS, Corporate Resources Directorate, Council House Extension, Congreve Passage, Birmingham, B3 3CA Tel: 303 3032.

RISK REGISTER – ON BASIS OF COMPREHENSIVE REDEVELOPMENT OPTION.

Risk/Opportunity Information			Counter Measures	
Description of Risk/Opportunity	Inherent Risk Likelihood Score	Description of current controls/mitigation in place & date when controls were last reviewed and reported upon	Residual Risk Impact	Further control proposed and date for implementation
A budget shortfall has been identified through the modelling of options	High	The Full Business case will review all costings and receipts in detail	High	There are different elements within the overall regeneration programme and each element will be reviewed in detail
Infrastructure costs are estimates and based on high level options and not detailed drawings - current costs may go up. There will be maintenance liabilities	High	Transportation have provided an early estimate	High	Detailed costing will be provided for FBC stage
Changing market conditions	High	Market testing as part of FBC	High	Market testing as part of FBC
Complexity of assembling scheme	High	The city Council may need to consider using its legal powers as necessary	High	Component parts to be considered within the development and procurement strategy
Full assessment of Ground Conditions required as part of the development process	Medium	Initial desk study has not revealed any major concerns/constraints	Medium	Further site investigations will be undertaken as part of the development process