

FULL BUSINESS CASE (FBC)

A. GENERAL INFORMATION

A1. General

Project Title <i>(as per Voyager)</i>	Full Business Case- New Build Depot for the Relocation of Montague Street and Redfern Road Depots (Atlas Works)		
Voyager code	CA- 01941-05		
Portfolio /Committee	Street Scene & Parks	Directorate	City Operations
Approved by Project Sponsor	Darren Share Assistant Director Street Scene	Approved by Finance Business Partner	Geetha Blood

A2. Outline Business Case approval *(Date and approving body)*

Cabinet 13th October 2020

A3. Project Description

The purchase of the Atlas Works site was completed on the 7th May 2021 with the vendor's contractor completing the demolition of the buildings and hard standing on the 30th June 2021. The Council now have full ownership of the site and have commenced ground investigations, inspections and surveys.

An application for £4.1m external grant funding was submitted to the European Regional Development Fund (ERDF) in January 2021. This would contribute towards the installation of the infrastructure smart integration of renewable energy. However, a decision was made to withdraw the application as it was felt that the Council was not yet in a position to be able to meet the targets set as a condition of the grant. This has led to a review of both the scope of works and the funding package for the proposal. Whilst we will not be delivering the 40 rapid charge points it was felt that it would be a false economy not to install the infrastructure for the live wire and the equipment to convert the energy used to power the building to recycled energy any time from 2023+ .

The proposed new build will amalgamate Montague Street Depot and Redfern Road Depot in to one purpose-built facility. It will include for the re-provision of a modern workshop/garage together with the relocation of the facilities at the existing Redfern Road Depot. This includes parking for the fleet, training rooms, offices and welfare and ablutions. One sustainable site will be created which should generate efficiency savings by disposing of two older uneconomical buildings that are in a poor condition and in need of investment to modernise them.

The contract for the construction of the new depot was awarded to Morgan Sindall Construction Ltd after a further competition exercise using the Constructing West Midlands 2 Framework. They were commissioned in April 2021 and have been working in partnership with Acivico Ltd and the Council to develop the proposal to RIBA Stage 4 in anticipation of starting construction in November 2021. The site remediation works commenced in September 2021.

A4. Scope

The site includes the land at the former Atlas Works, North side of Redfern Road, Tyseley and 170-172 Kings Road, Tyseley, Birmingham B11 2AS. The scope will include for the remediation of the site and the construction of parking for the commercial fleet, staff and visitors, a new workshop with MOT facility for the public, taxi's and the commercial fleet together with a 2 storey accommodation block housing reception , back of house offices, ablution and welfare facilities for the operational staff and training/meeting rooms.

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A5. Scope exclusions

Electric live wire (infrastructure is included but electric wire will not be available until after 2023+) for recycled energy.

The quantity of rapid chargers detailed in the Outline Business Case (OBC)(circa 40) as these were to be funded from the European Regional Development Fund (ERDF) grant which has not been progressed.

Replacement electric vehicles are out of scope

Works to the existing depots; Montague St and Redfern Road Depots.

B. STRATEGIC CASE

This sets out the case for change and the project's fit to the Council Plan objectives

B1. Project objectives and outcomes

The case for change including the contribution to Council Plan objectives and outcomes

The proposal supports the Birmingham City Council Plan 2018-2022 (as updated in 2019) by contributing to the Council's Key Priorities, specifically Outcome 1; Birmingham is an entrepreneurial city to learn, work and live in outcome 4; Birmingham is a great city to live in.

The proposals support the additional climate change commitments agreed by Cabinet on 30th July 2019 following the motion on Climate Emergency passed at the full City Council meeting of 11th June 2019, including the aspiration for the City Council to be net zero-carbon by 2030.

The proposal supports the Waste Strategy 2019 – 2034. It supports improved air quality by locating new facilities within the Tyseley Environmental Enterprise Zone footprint and investigating the future opportunity of linking to the Tyseley Incinerator site for the provision of energy converted from waste products.

Birmingham Business Charter for Social Responsibility (BBC4SR):

Morgan Sindall Construction Ltd is a certified signatory to the BBC4SR and has submitted an action plan with commitments relevant to the contract. These commitments will be managed and monitored during the contract period (November 2021 – July 2022).

B2. Project Deliverables

These are the outputs from the project eg a new building with xm2 of internal space, xm of new road, etc

A remediated brownfield site (see site plan Appendix 5) followed by a new build depot with workshop/ablutions/back of house offices/ meeting and training rooms to support the relocation of activities currently delivered out of Montague St Depot and Redfern Road Depot. External parking for the Redfern Road Depot commercial fleet, vehicles utilising the workshop, staff, visitors and taxis parking supported by electric charging points. Security to include CCTV, perimeter palisade fencing, gates, barrier and a security pod.

The workshop and back of house offices/meeting rooms and ablutions will be fitted out with new equipment and furniture including ICT.

N.B It is proposed that furniture from the closure of Lancaster Circus will be assessed and repurposed for reuse where appropriate e.g. desks, canteen tables and chairs and some soft seating.

The specific works include the following:

- Remediation of the site (former Atlas Works)
- Perimeter fencing, gates and security barriers, boundary treatments
- Security office
- Carpark (commercial fleet, staff, visitors, taxis)
- Electric charging points
- External lighting
- External CCTV

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- New build workshop, reception, ablutions, laundry, welfare, back of house offices, meeting and training rooms.
- Replacement workshop equipment
- New furniture
- ICT infrastructure and equipment
- Internal CCTV

B3. Project Benefits

These are the social benefits and outcomes from the project, eg additional school places or economic benefits.

Measure	Impact
<i>List at least one measure associated with each of the objectives and outcomes in B1 above</i>	<i>What the estimated impact of the project will be on the measure identified – please quantify where practicable (e.g. for economic and transportation benefits)</i>
Co-location of two existing sites will provide benefits of economies of scale	Reduced operational and running costs
The Atlas Works site is outside the Clean Air Zone (CAZ). N.B Montague St is in the CAZ.	Reduces the budget pressure of paying the CAZ charge
Releases 2 poor quality buildings in a poor state of repair.	Supports the Property Strategy by rationalising assets
A modern building promoting the Green Agenda; during the construction phase, materials used and also in green energy used for heating, lighting, power, recycling etc.	Proposal to link (2023+) into Tyseley Energy Recycling Facility via a live wire for recycled energy which will reduce the carbon footprint plus financial savings in energy consumption
Provision of electric chargers for staff/visitors/taxis and commercial fleet	Supports the change over from petrol/diesel vehicles to electric vehicles
Repurpose furniture from Lancaster Circus	Recycling surplus furniture and financial saving (saving on purchasing new and also on disposal cost)
Provides an improved working environment that supports staff morale.	Fit for purpose accommodation including welfare facilities which support new ways of modern working e.g. agile working for back of house administration staff, female ablutions
Releases the Council from ongoing high maintenance requirements at Montague St Depot (which is no longer fit for purpose and a financial liability) and Redfern Road Depot.	Reduced revenue R & M expenditure
Improved H & S on the site by having clear segregation of the public visiting the site and that of operational traffic with areas clearly marked out.	Reduced risk of accidents and near misses
Equalities requirements will be addressed as part of this proposal i.e. the female ablution facilities in the existing facilities are poor	Improved facilities will help to attract more women into the waste management industry sector.

B4. Benefits Realisation Plan

Set out here how you will ensure the planned benefits will be delivered

A Change Control process is in place which tracks changes and any associated cost implications (+/-). The Change requires the client's approval prior to a formal variation being agreed.

A lessons learnt will be held with the client, contractor and Acivico at the end of the project to review successes and failures.

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A project implementation review will be held with the end user after 12 months + of the project being operational to learn what impact the new facility has had on the service.

B5. Stakeholders

A stakeholder analysis is set out at G4 below. A summary of consultation responses is in the covering Executive report.

C. ECONOMIC CASE AND OPTIONS APPRAISAL

This sets out the options that have been considered to determine the best value for money in achieving the Council's priorities

C1. Summary of options reviewed at Outline Business Case

(including reasons for the preferred option which has been developed to FBC)

If options have been further developed since the OBC, provide the updated Price quality matrix and recommended option with reasons.

Proposed option: New build depot (co-locating Montague Street Depot and Redfern Road Depot)

Co-location of 2 existing depots to rationalise 2 poor quality assets and to optimise the economies of scale and saving efficiencies and promote sustainability (construction and operationally) in one new depot.

Other options considered but not progressed. These were:

Do nothing – Close the depot at the end of the lease back period with Homes England. This would have a serious detrimental impact on service delivery with repercussions on statutory obligations related to waste collection.

To extend one of the other depots to include the workshop/garage facility. There is insufficient space available on any of the existing depot sites (Redfern Road, Lifford Lane and Perry Barr Depots) to provide a garage/workshop facility and to incorporate the additional vehicles that would be accessing the sites.

To purchase a building that could be refurbished and converted to address the requirements. No suitable property could be identified.

C2. Evaluation of key risks and issues

The full risks and issues register is included at the end of this FBC

The main risks identified are:

Funding - Insufficient budget to afford the proposal. This in context of the uncontrollable external economic factors which are currently impacting on prices within the construction industry.

Programme - ensuring the proposal can be delivered within the programme to meet the deadline to vacate the current premises at Montague Street, in line with the lease back agreement with Homes England.

C3. Other impacts of the preferred option

Describe other significant impacts, both positive and negative

The completion of the new depot will allow for Montague Street to be vacated by WMS and handed back to Homes England who will be able to commence their proposed development of the land.

As stated in the OBC in order to deliver the full scope of works the ERDF grant application needed to be awarded. This was not the case and we are in a position where we must request approval for

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additional capital resources via prudential borrowing.

It is anticipated that 100% of the capital receipt generated from the sale of Redfern Road Depot will be required to contribute towards funding this proposal. A new valuation was carried out which is referenced in the Exempt Appendix 1.

D. COMMERCIAL CASE

This considers whether realistic and commercial arrangements for the project can be made

D1. Partnership, Joint venture and accountable body working

Describe how the project will be controlled, managed and delivered if using these arrangements

Property Services will act as the client project manager on behalf of WMS and instruct Acivico Ltd and other suppliers of goods, services and works. Acivico will administer the construction contract. Waste Management Services will manage and operate the facility on completion.

D2. Procurement implications and Contract Strategy:

What is the proposed procurement contract strategy and route? Which Framework, or OJEU? This should generally discharge the requirement to approve a Contract Strategy (with a recommendation in the report).

The contract for the construction of the new depot was awarded to Morgan Sindall Construction Ltd after a further competition exercise using the Constructing West Midlands 2 Framework.

The procurement strategy for the garage equipment is detailed in paragraph 7.4.2 of the Cabinet report.

Contracts for other requirements to complete the fit out of an operational depot will be tendered and awarded under Chief Officer delegated authority in accordance with the Procurement Governance Arrangements.

D3. Staffing and TUPE implications:

There are no TUPE implications.

A Service redesign is currently being discussed with staff and trade unions.

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E. FINANCIAL CASE
<i>This sets out the cost and affordability of the project</i>
E1. Financial implications and funding detailed in Exempt Appendix 1
E2. Evaluation and comment on financial implications:
The proposal is to be funded from capital receipts with a contribution from Prudential Borrowing
E3. Approach to optimism bias and provision of contingency
A contingency of approx. 7.5% is included in the overall project cost. This has increased from the 5% included in the OBC. This is felt to be appropriate in the current economic climate. A rate of 5% has also been included for inflation. Inflation was not included in the OBC. This is to cover the rise in inflation which has risen in the last 6 months moving from a negative rate.
E4. Taxation
<i>Describe any tax implications and how they will be managed, including VAT</i>
The Council will be able to recover the 20% VAT on payments to the contractor under the normal procedures

F. PROJECT MANAGEMENT CASE	
This considers how project delivery plans are robust and realistic	
F1. Key Project Milestones	Planned Delivery Dates
The summary Project Plan and milestones is attached at G1 below	
Planning permission	September 2021
Cabinet report and FBC approval	12 th October 2021
Planned start date for delivery of the project	November 2021
Practical completion	August 2022
Fit out	August/September 2022
Date Project operational	Mid-September 2022
Date of Post Implementation Review	November 2023
F2. Achievability	
Describe how the project can be delivered given the organisational skills and capacity available	
A project team has been identified with representatives from Property Services, WMS and Acivico Ltd and Morgan Sindall Construction plus specialist support brought in on a needs basis when required. The team all have specific skills and an understanding of their roles. A project management methodology is being followed to ensure programme, change control and variations are all managed.	
F3. Dependencies on other projects or activities	
Planning permission Funding – identification and approval of prudential borrowing to close the funding gap. Approval of the Cabinet Report and OBC Procurement strategy for fit out of the workshop/garage completed to ensure a timely tender process with supply and installation to meet the timescale of the depot opening Successful delivery of the remediation to ensure timely construction commences Generating a capital receipt for the sale of Redfern Road Depot to contribute towards the funding proposal.	

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F4. Officer support

Project Manager: Lesley Steele, Operational Programme Manager, Property Services

Project Accountant: Lisa Pendlebury, Business Analyst, Finance and Governance

Project Sponsor: Darren Share, Assistant Director Street Scene

F5. Project Management

Describe how the project will be managed, including the responsible Project Board and who its members are

The project will be managed by Property Services on behalf of the client. Acivico Ltd will be commissioned to administer and manage the construction contract.

A project team has been set up made up of WMS client representatives, Client PM, Acivico and the contractor Morgan Sindall Construction. The project team meet fortnightly to progress the development proposal.

The Project Board will be made up from representatives from Finance, Property Services and Neighbourhoods Directorate.

G. SUPPORTING INFORMATION

(Please adapt or replace the formats as appropriate to the project)

G1. PROJECT PLAN

Detailed Project Plan supporting the key milestones in section F1 above

Programme appended Appendix 2A

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G2. SUMMARY OF RISKS AND ISSUES REGISTER <i>Risks should include Optimism Bias, and risks during the development to FBC</i> <i>Grading of severity and likelihood: High – Significant – Medium - Low</i>			
Risk or issue	mitigation	Risk after mitigation:	
		Severity	Like- lihood
1. Planning permission for new build refused and/or conditions are difficult to meet.	Early consultation has commenced and the application submitted. Any issues will be addressed with the Planner during the development stage to ensure the submission will be supported.	Low	Low
2. Delay in securing vacant possession of the site	BCC took vacant possession on the 30 th June 2021. In order to progress the project some assumptions have been made specifically relating to sit investigations and ground conditions. Surveys will now be progressed to determine whether the assumptions are correct.	Medium	Medium
3. The estimated valuation for Redfern Road is not achieved in the sale.	Originally in the OBC we factored in $\frac{3}{4}$ of the value of the valuation we will now look for 100% contribution. The original valuation is 12 months old; a new valuation has been received	Medium	Medium
4. Funding shortfall	A contingency together with a sum for inflation has been included within the overall project cost.	High	High
5. Programme not met	We have acknowledged that the programme is tight and have therefore looked at how we can reduce this by bringing forward the site remediation works to reduce the construction time and have procured a contractor from the Framework on a two-stage approach to consolidate the programme. The contractor has revisited the programme and anticipates a 9-month construction period rather than the original 12 months. There is an element of float built into the contract	Low	Medium
6. Covid 19 impact on project delivery	Government guidance will be adhered to. Social distancing and face masks although not mandatory will be encouraged. Hand sanitiser will be available on site. Anyone who has symptoms or has been in contact with someone testing positive will be asked to self-isolate and to take a test. Employee numbers will be monitored.	Medium	Medium
7. Brexit	The departure from the EU is having an impact on the access to materials and labour and also the cost of materials An Inflation of 5% has been included in the overall construction cost to offset price	High	High

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	increases. The contractor has access to a robust supply chain which will ensure there is sufficient labour available for all trades.		
8. Weather	Inclement weather will impact on the remediation works, ground works and the first phase of construction. The contractor will review the 5-day weather forecast and review activities on site accordingly.	Medium	Medium
9. Departure of key staff	A detailed handover and shadowing process during working notice would be arranged.	Low	Low
10. Service Expectations are not met	Service representatives are part of the project team and are involved in the scope and design of the facility. Expectations are being managed within the budget and programme.	Low	Low

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G3. EXTERNAL FUNDING AND OTHER FINANCIAL DETAILS

Description of external funding arrangements and conditions, and other financial details supporting the financial implications in section E1 above (if appropriate)

N/A

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G4. STAKEHOLDER ANALYSIS		
Stakeholder	Role and significance	how stakeholder relationships will be managed
Managing Director City Operations	Overall responsibility/High	Progress updates, highlight reports to summarise progress, milestones, risk and issues.
Assistant Director Street Scene & Parks	Responsible for the service delivery/High	Project Board, highlight reports to summarise progress, milestones, risks and issues
Cabinet Members	Links with cabinet portfolios and functions /High	Progress updates.
Elected Members	Represent the Ward/Medium	Service AD to provide updates
Acivico Ltd/Morgan Sindall Construction	To deliver the construction of the project/High	Meetings, site visits, emails
Waste Management Services	Client/Operational Service provider/High	Meetings, site visits, emails.
Public	End user/ High	Social media, BCC website
Trade Unions	H&S of members/Medium	Progress updates form Depot Managers.