

Birmingham City Council

Report to Cabinet

25th July 2023



Subject: Moseley Road Baths Full Business Case

Report of: Craig Cooper, Strategic Director of City Operations

Relevant Cabinet Member: Councillor Mariam Khan – Cabinet Member for Health & Social Care

Relevant O &S Chair(s): Councillor Mick Brown – Health & Social Care
Councillor Akhlaq Ahmed – Economy and Skills
Councillor Jack Deakin – Resources

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s): Balsall Heath West		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 011455/2023*		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential : Not Applicable		

1 Executive Summary

- 1.1 Moseley Road Baths (MRB) in Balsall Heath is an internationally significant Grade II* listed Edwardian swimming pool and public baths. It is the oldest of only 5 Grade II* listed baths currently open for its original purpose. It is located within central Balsall Heath within the Sparkbrook Ward, a few miles south of Birmingham's city centre and a key pillar of Moseley Road.

- 1.2 MRB has been declared a building at-risk by Historic England and the World Monuments Fund have included it on their watch list. Among its significant heritage aspects features a set of 46 slipper baths and steam-heated drying racks, a magnificent Gala Pool and second-class pool. Significant investment has already been received to begin the journey to de-risking MRB and its neighbouring building Balsall Heath Library (BHL), of which it will be connected to, as part of phase 1 plans to adjoin the two buildings in physicality and operation.
- 1.3 Moseley Road Baths for many years was at risk of closure. MRB Charitable Incorporated Organisation (a community-led organisation that operates swimming plus a growing range of other activities at the Baths), the Friends of MRB, Historic England, National Trust and World Monuments Fund came together in 2016 to prevent its closure and plan for a sustainable future. Birmingham City Council has since led this coalition of partners in a plan to regenerate the building and provide a unique community initiative.
- 1.4 The full master plan for the scheme encompasses phase 1 (2022 – 2025) and phase 2 (2025-2029) with estimated whole project completion by May 2029, at an estimated cost of £32.7 million. The master plan includes both Moseley Road Baths and Balsall Heath Library including landscaping works to the rear and remodelling/access improvements to the front of the buildings.

Phase 1 - The works comprise of repairs to the roofs and rooflights, and external elevations, including the stained-glass windows and terracotta. Repairs will also be carried out to the reception and circulation areas adjacent to areas of new uses including reconstruction of counters. The library will be reordered with new opening through to the baths and introduction of a new mezzanine with accessible meeting spaces and will provide new areas of public use while maintaining the building's current function. The basement to the Baths would be overhauled, with sundry repairs to beams, which would also necessitate stripping out and renewal of mechanical and electrical (M&E) equipment in this area. The heating system to both buildings, including heating of Pool 2, will be replaced with a future-proofed system, to avoid the risks associated with frequent breakdowns currently experienced. There is a requirement to minimise the closure period of the facility during the construction works.

Phase 2 - Will bring the remaining areas of the buildings into economic use, refurbish the Gala Pool and Pool 2, complete the reservicing of the buildings, as well as introducing a new landscaping scheme to the rear of the baths and Moseley Road. These works will establish a long-term sustainable future for the buildings.

- 1.5 A number of key funders have so far supported the masterplan. Phase 1 secured funding has including £15.5 million from Government Levelling Up; £3 million to date from Birmingham City Council, £477,050 so far from NLHF, as well as funding from World Monument's Fund and Historic England.

- 1.6 The project team are now working to secure phase 2 funding to include a further £7 million from Birmingham City Council, in addition to £3 million already received for phase 1 works. The £15.5m LUF funding is dependent upon securing this additional BCC funding. If agreed in total, the Council will have committed £10 million, making it the second largest funder of the project contributing approximately 1/3 of the whole project cost. Further Phase 2 funding will see a round 2 bid to NLHF for £4.5 million, an award contingent on BCC adding the £7 million.

2 Recommendations

That Cabinet:

- 2.1 Approves the Full Business Case included at **Appendix 1** to this report, containing the following.
- 2.1.1 Approval to allocate and spend £7m of Council corporate Capital Resources to support the development.
 - 2.1.2 Delegates to the Strategic Director of City Operations, in conjunction with the Strategic Director of Council Management, authority to make bids for and accept subsequent offers of funding from any other organisations or funders that may be identified as appropriate contributors to the costs of the proposed works, subject to any funding conditions attached to the funding offers being acceptable.
- 2.2 Approves the submission of any planning applications necessary to facilitate the delivery of the proposals set out in this FBC.
- 2.3 Notes that the procurement strategy for the Works (comprising Phase 1 and 2) commenced using Constructing West Midlands 2 (CWM2) Framework Agreement due to the urgency to meet the external funding deadlines for Phase 1.
- 2.4 Notes that a Pre-Construction Services Agreement (PCSA) was entered into for the initial design stage to be completed for the estimated value of up to £50,000 and approved under Chief Officer delegated authority to enable the works to meet the fixed deadline of 31 March 2025 for the funding conditions to be met.
- 2.5 Delegates authority to the Strategic Director of City Operations in conjunction with the Assistant Director, Procurement, the Strategic Director of Council Management and the City Solicitor & Monitoring Officer (or their delegates) in consultation with the Cabinet Member for Finance and Resources to award a contract for the Works after completion of the PCSA stage. , subject to the value being within the approved budget.
- 2.6 Authorises the City Solicitor & Monitoring Officer (or delegate) to execute and complete all legal documentation necessary to implement the above recommendations.

3 Background

- 3.1 Moseley Road Pool is a Grade II* listed Building and the only Grade II* pool still in operation as a public pool in the UK. The Pool was opened in 1907 and is owned and was until 2018 operated by Birmingham City Council.
- 3.2 A report to Cabinet by the Corporate Director – Place in March 2018 received approval for the execution of a License to Operate with Moseley Road Baths Charitable Incorporated Organisation (CIO) to ensure the continuation of a community swimming offer at the baths. The License to Operate was agreed with Moseley Road Baths CIO (registered charity no. 1176432) in June 2018 and currently has a further three years to run.
- 3.3 Since 2018 a collation of partners led by Birmingham City Council and the CIO and including the National Trust, Historic England, World Monuments Fund and the Friends of Moseley Road Baths has worked on a masterplan to safeguard the building and provide a sustainable future for the Edwardian baths.
- 3.4 The transformation of Moseley Road Baths and Balsall Heath Library are at the heart of a £32.7m masterplan developed by a ground-breaking coalition of local, national and international organisations. Supporting Balsall Heath's recovery from the impacts of the pandemic and wider community-led development of the area, this 'coalition of the willing' has developed a long-term vision to restore and reimagine these two magnificent Grade II* buildings at the heart of the Balsall Heath community. The regeneration of the Baths and Library will unite and transform these historic masterpieces into a heritage led wellbeing, leisure and cultural destination run with and for local people, and open to the world.
- 3.5 The aims of the project are:
 - **Connect Moseley Road Baths and Balsall Heath Library** to boost the range of facilities for local people and visitors with these buildings as 'anchor institutions' at the heart of local life and activity.
 - Restore **swimming to the Gala Pool**, the principal space in the Baths, with the second pool (currently in use for swimming) being adapted as a **multi-use events space**.
 - Bring the **slipper baths** and **upper floors** of the Baths into use for fitness, well-being and activity.
 - Remodel Balsall Heath Library to create more space for reading, learning, digital access and activities.
 - Develop **new landscaped / green space** to the rear of the Baths.
 - Build the **capacity, resilience and sustainability** of the MRBCIO as the operators of the Baths and develop **close collaboration** and **new models of working** between the Baths and Library.
 - Create a **vibrant programme of activity** for local people and visitors to the area that is shaped by what local people want and need.
 - Strengthen and extend our **collaborative approach** working with people, organisations and partners across the city and beyond.

- Provide a **catalyst for wider regeneration** of the local area.

- 3.6 Following Cabinet approval in June 2021 a bid was submitted to national government's levelling up fund. Subsequently, as part of the government's Autumn Statement, Moseley Road Baths and Balsall Heath Library were awarded £15.5m *Levelling Up* funding to support the development.
- 3.7 The cabinet report of June 2021 and subsequent successful LUF bid supported the delivery of the entire development. This included a further request of previously identified corporate funding of £7m, subject to a Full Business Case, being approved.

4 Options considered and Recommended Proposal

- 4.1 The options considered were as follows:

Option 1 – *Do Minimum* - By not providing the additional funding the scheme would be significantly reduced and there would be a high risk of other funding sources being withdrawn thereby preventing the full refurbishment of the baths and link to Balsall Heath Library. This would also create reputational damage to the Council and all partner organisations. This option will not fulfil the commitment made as part of the LUF bid.

Option 2 – *Part Funding* - Part funding could be provided; however, the current scope of works would need to be reduced and further funding put at risk as National Lottery Heritage funding is dependent upon the Council's contribution. This option will not fulfil the Council's commitment made as part of the LUF bid.

Option 3 – *Full funding* - Provide required funding to complete full scheme as highlighted in LUF Cabinet Report – 8th June 2021 and subsequent LUF Tranche 1 bid.

- 4.2 Option 3 provides the greatest impact and benefit to the community as detailed in paragraph 3.5 and meets the conditions associated with the LUF and NHLF grants.

5 Consultation

- 5.1 The proposals being taken forward via this FBC have been designed to reflect the outcomes of extensive consultation with partner organisations and key stakeholders, who are supportive of the proposals.

6 Risk Management

- 6.1 The project has a risk register for the development and delivery of the project and its workstreams.
- 6.2 These have been considered and risk mitigation plans put in place to reduce the likelihood or impact of these occurring. Project risks and their mitigations are presented to, evaluated and monitored by the Project Board.

- 6.3 Risks associated with the implementation of the decisions are managed within the BCC Project Risks, Issues and Dependencies (RID) Management Protocol. This dynamic approach to RID management is embedded within project delivery and includes clear lines of escalation.
- 6.4 Key risks with mitigations are detailed in **Appendix 1**

7 Compliance Issues:

- 7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.1.1 In delivering a full refurbishment and regeneration of Moseley Road Baths the following corporate objectives will be met:

- A Bold Prosperous Birmingham – Support inclusive economic growth, attract inward investment in infrastructure.
- A Bold Inclusive Birmingham – Empower the citizens, promote and champion diversity, civic pride and culture, support and enable all children and young people to thrive.
- A Bold Healthy Birmingham – Tackle health inequalities, encourage and enable physical activity and healthy living, improve outcomes for adults with disabilities and older people.

The Balsall Heath Neighbourhood Development Plan (2015-2031)

sets out the key development needs in Balsall Heath in terms of economic, social and environmental improvement, in order to achieve locally driven growth. The Moseley Road Baths and Balsall Heath Library project will provide a vital piece of social infrastructure which will bring together the different communities within Balsall Heath, supporting delivery of the policies set out in the plan.

Our Future City Plan, BCC (2021)

Balsall Heath features in Birmingham City Council's '*Our Future City Plan*' (2021). The area has been identified as a central renewal area with potential for significant change and reimagining to unlock new opportunities for mixed use redevelopment. The project will transform MRB into a heritage-led well-being, leisure and cultural destination that provides excellent value to local people in response to their needs and motivations.

- 7.1.2 Birmingham Business Charter for Social Responsibility (BBCSR)

Compliance with the BBC4SR and the payment of the Real Living Wage is a mandatory requirement that will form part of the conditions of the contract for the works. Tenderers will be required to submit an action plan with commitments to support the Sparkbrook & Balsall Heath East ward and surrounding areas, including projects advertised on www.matchmyproject.org, with their tender that will be evaluated in accordance with the procurement strategy set out in paragraph 7.4.5. The action plan of the successful tenderer will be managed and monitored during the contract period.

7.2 Legal Implications

- 7.2.1 Under Section 1 of the Localism Act 2011, the Council has the power to enter into the arrangements set out in this report, which are within the remit and limits of the general power of competence in Sections 2 and 4 of the Localism Act 2011 and S111 of the Local Government Act 1972, which contains the Council's subsidiary financial powers to spend borrow or lend money which is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.
- 7.2.2 Under Section 19 of the Local Government Act (Miscellaneous Provisions) 1976 the Council has the power to provide such recreational facilities as it thinks fit in its area and under Section 111 of the Local Government Act 1972 the Council may do anything which is incidental to the discharge of its functions

7.3 Financial Implications

- 7.3.1 The transformation of Moseley Road Baths and Balsall Heath Library are at the heart of a £32.7m masterplan. The report seeks approval of the Full Business Case and allocation of £7m corporate capital resource, which is included in the Council's Financial Plan 2023-2027.
- 7.3.2 In June 2021 Cabinet approved the report 'Levelling Up Fund – Tranche 1 Bids' which included Moseley Road Baths as one of the bids. Since then, the Levelling Up bid has been secured and partner funding has been agreed. The City Council contribution is £10m funded through corporate capital resources. Of this, £3m has previously been approved and approval of the additional £7m is with the report recommendations.
- 7.3.3 As per the Full Business Case, project costs have increased by £1.284m from £31.467m to £32.751m. The table below summarises the latest funding profile. The National Lottery Heritage Fund includes an allocation of £4.492m which is not guaranteed at this stage and is dependent on confirmation of the councils total funding contribution. If this was not secured the scope of the scheme would need to reduce. Further to this, additional funding of £1.8m is being discussed with partners to close the funding gap. If this is unsuccessful there is flexibility to reduce cost through value engineering at RIBA Stage 4 to deliver within available funding.

Moseley Road Baths & Balsall Heath Library	June 2021 Cabinet Report	Appendix 1 FBC	Change
	£m	£m	£m

Capital Expenditure	31.467		
CAPITAL FUNDING:			
Levelling Up	14.259	15.539	1.280
Birmingham City Council	10.425	10.000	(0.425)
National Lottery Heritage Fund	6.430	4.969	(1.461)
World Monuments Fund	0.130	0.120	(0.010)
Historic England	0.223	0.323	0.100
Coalition Partner Funding – to be confirmed	0.000	1.800	1.800
Total Capital Funding	31.467	32.751	1.284

7.4 Procurement Implications (if required)

7.4.1 The Council's primary procurement route for capital works of this nature is to use Acivico Ltd's Constructing West Midlands 2 Framework Agreement. This framework agreement is compliant with the Public Contracts Regulations 2015 (PCR15) and is suitable for use for a high profile heritage refurbishment project of this complexity. It should be noted the procurement process has commenced due to the urgency for works and ensure the funding conditions are met.

7.4.2 A two-stage procurement process is being undertaken:

- the first stage is competitive, with the successful tenderer being selected on the basis of their ability and understanding of the project for Phase 1 works, together with the pricing of those elements of the works which are normally under the control of the main contractor, e.g. preliminaries, overheads & profit, programme period, cost of rates for identifiable sections of work. This will be documented in a PCSA that will be approved in accordance with paragraph 2.5.
- During the second stage, the Council's design team develops and completes the design in conjunction with the successful tenderer. The successful tenderer undertakes a compliant procurement process for the various work packages that are reviewed by the Council's technical cost control advisor to ensure that prices are reflective of current market conditions, are within budget and deliver Best Value. Once the overall tender price is confirmed for the Phase 1 works, the Council will enter into the main works contract subject to authorisation as per recommendation 2.5.

7.4.3 To enable the works to be completed in the funding conditions, a PCSA was entered into for this stage. The programme for the works, although achievable, is tight and without these design services being completed would have put the project at significant risk of not meeting the overall deadline.

7.4.4 Due to the uncertain and unsecured funding position at this time for Phase 2, only Phase 1 works will be awarded initially. Phase 2 will be awarded to the same contractor in accordance with the tender documentation and its compliance with

the Public Contracts Regulation 2015, subject to the council securing the subsequent funding and consent of the funder for Phase 2 as well as being subject to the satisfactory performance of the contractor in Phase 1. Notwithstanding, any subsequent award of the Phase 2 works will be at the absolute discretion and subject to a further Cabinet Report of the Council

- 7.4.5 The evaluation criteria for the procurement process is quality 60%, social value 20% and price 20% as follows:

Quality (60% Weighting)

Criteria	Sub-weighting
Methodology and Delivery	40%
Programme Management	30%
Organisation and Resources	30%
Total	100%

Tenderers who score less than 60% of the quality threshold i.e. a score of 60 out of a maximum quality score of 100 (60 marks out of 100) will not proceed to the next stage of the evaluation.

Social Value (20%):

	Sub-Weighting	Sub-Criteria	Theme Sub-Weighting
Payment of the Living Wage			Pass / Fail
Qualitative	5%	Local Employment	30%
		Buy Local	10%
		Partners in Communities	25%
		Good Employer	15%
		Green and Sustainable	10%
		Ethical Procurement	10%
			TOTAL 100%
Quantitative	15%	BBC4SR Action plan	Total of financial proxies (£) score
			TOTAL 100%
Overall	20%		

Price (20%):

Phase 1 (80% Sub-Weighting)

- A. 25% for Contractor overheads & profit

- B. 50% Preliminaries Cost
- C. 25% for the PCSA (inclusive of Early Contract Involvement (ECI) fee and Design Fee RIBA stage 4)

Phase 2 (20% Sub-Weighting)

- A. 25% for Contractor overheads & profit
- B. 50% Preliminaries Cost
- C. 25% for the PCSA (inclusive of ECI fee and Design Fee RIBA stage 4)

7.5 Human Resources Implications (if required)

7.5.1 There are no Human Resources implications arising from this FBC.

7.5.2 Project delivery, procurement activity and the subsequent contract management of the works will be undertaken by Council staff and external support.

7.6 Public Sector Equality Duty

7.6.1 There are not considered to be any adverse impacts associated with the recommendations in this report, as the funding is not expected to have any material impact on the services already delivered.

7.6.2 The Equality Impact Assessment can be found at Appendix 4

8 Appendices

Appendix 1 -Full Business Case

Appendix 2 -Environment and Sustainability Assessments

Appendix 3 -Risk Assessment

Appendix 4 -Equality Impact Assessment

9 Background Documents

- Levelling Up Fund – Tranche 1 Bids Cabinet Report – 8th June 2021
- Levelling Up Fund Bid Application – June 202