

## APPENDIX

FULL BUSINESS CASE (FBC)			
A. GENERAL INFORMATION			
A1. General			
<b>Project Title</b> <i>(as per Voyager)</i>	Building New Homes Abbeyfields Estate and Birchfield Estate		
<b>Voyager code</b>	CA-02336-79 (Abbeyfields) CA-02336-51 (Birchfield)		
<b>Portfolio /Committee</b>	Homes and Neighbourhoods	<b>Directorate</b>	Inclusive Growth
<b>Approved by Project Sponsor</b>	Ian MacLeod	<b>Approved by Finance Business Partner</b>	Carl Tomlinson
A2. Outline Business Case approval <i>(Date and approving body)</i>			
The Outline Business Case for Abbeyfields and Birchfield sites was approved in the Birmingham Municipal Housing Trust Delivery Plan for the Development of Housing for the period 2019 - 2029 on 14 <sup>th</sup> May 2019.			
A3. Project Description			
The FBC is seeking approval to commence the construction of up to 39 new homes on the Abbeyfields Estate (21 homes) and Birchfield estate (18 homes). For Abbeyfields, there will be 19 homes for sale and 2 homes for social rent and for Birchfield there will be 18 homes for sale.			
A4. Scope			
Birmingham City Council will be undertaking the following;			
<ul style="list-style-type: none"> <li>Contract management of the two construction contracts</li> <li>Selling homes for outright sale</li> <li>Work with local stakeholders to develop new sustainable homes</li> </ul>			
A5. Scope exclusions			
<ul style="list-style-type: none"> <li>Discharge of planning conditions</li> </ul>			
B. STRATEGIC CASE			
<i>This sets out the case for change and the project's fit to the Council Plan objectives</i>			
B1. Project objectives and outcomes			
<i>The case for change including the contribution to Council Plan objectives and outcomes</i>			
The project aims to deliver:			
<ul style="list-style-type: none"> <li>The construction of 21 new homes on the Abbeyfields Estate and 18 new homes on the Birchfield Estate.</li> <li>The housing developments on each site represent the final phases of regeneration of the respective sites and will therefore complete the successful regeneration of the respective sites.</li> <li>New energy efficient homes which are cheaper to run and which will provide an uplift to the local environment.</li> <li>New sale homes and diversity of tenure in areas which have previously been predominantly Council owned.</li> </ul>			

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### B2. Project Deliverables

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

The Abbeyfields development will comprise of 21 houses as follows:

- 2 x 2 bedroom 4 person houses for social rent.
- 6 x 2 bedroom 4 person houses for outright sale.
- 9 x 3 bedroom 5 person houses for outright sale.
- 4 x 4 bedroom 6/7 person houses for outright sale.

The Birchfield development will comprise of 18 houses:

- 6 x 2 bedroom 4 person houses for outright sale.
- 12 x 3 bedroom 5 person houses for outright sale.

### 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 <b>each</b> 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>

*For major projects and programmes over £20m:  
Please see table G5 below.*

### B4. Benefits Realisation Plan

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

The council houses will be delivered by the Council's well established and award-winning Birmingham Municipal Housing Trust (BMHT). The project will be managed by experienced Project Managers who will monitor expenditure and outturns on a monthly basis via monthly site project and site meetings. Progress will be regularly reported to the BMHT Project Board.

### B5. Stakeholders

A summary of consultation responses is in the covering Executive report - appendix D

## 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.*

As per A2.

### C2. Evaluation of key risks and issues

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<i>The full risks and issues register is included at the end of this FBC</i>
A risk register is in the covering Executive Report – appendix E
<b>C3. Other impacts of the preferred option</b>
<i>Describe other significant impacts, both positive and negative</i>
[bullet points are ok]
<b>D. COMMERCIAL CASE</b>
<i>This considers whether realistic and commercial arrangements for the project can be made</i>
<b>D1. Partnership, Joint venture and accountable body working</b>
<i>Describe how the project will be controlled, managed and delivered if using these arrangements</i>
N/a
<b>D2. Procurement implications and Contract Strategy:</b>
<i>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).</i>
The procurement strategy for the schemes was to carry out a competition exercise in accordance with the protocol of the Homes England DPP3 framework agreement (or its successor) and the Council's Dynamic Purchasing (DPS) system. The tender evaluation criteria for Abbeyfields using the DPP3 Framework was 50% quality, 10% social value and 40% price. The tender evaluation criteria for Birchfield using the DPS was 30% quality, 20% social value and 50% price.
<b>D3. Staffing and TUPE implications:</b>
Not applicable

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Key Inputs			
Construction		Running Costs, etc.	
Total Development costs (Capital and Revenue)	£8.18m	Weekly rent	3 bed £125.51
Total Sales Income/Grant	£7.98m	Rent loss - voids / arrears	2.0%
		Annual rent increase	3.0%
RTB activity assumed	None	Management Costs	£978
		Repairs Costs	£934
Key Outputs		Capital Works (5-yearly)	£5,099
(Surplus) / Deficit after 30 years	£(0.26)m	Annual Cost Increase	2.5% (CPI 2.0%)

HRA Extract	2019/20	2020/21	2021/22	2022/23	2023/24	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
	£m	£m	£m	£m	£m	£m
Rental Income	0.00	0.00	(0.01)	(0.01)	(0.01)	<b>(0.60)</b>
Voids and arrears	0.00	0.00	0.00	0.00	0.00	<b>0.01</b>
Repairs and Maintenance	0.00	0.00	0.00	0.00	0.00	<b>0.08</b>
Management Costs	0.00	0.00	0.00	0.00	0.00	<b>0.08</b>
Interest cost on borrowing	0.00	0.01	0.04	0.03	0.00	<b>0.08</b>
Cash-backed Depreciation	0.00	0.00	0.00	0.00	0.00	<b>0.08</b>
<b>HRA Deficit / (Surplus) Contribution</b>	<b>0.00</b>	<b>0.01</b>	<b>0.03</b>	<b>0.02</b>	<b>(0.01)</b>	<b>(0.27)</b>
Revenue contributions from wider HRA (to fund capital investment shown below)	(0.11)	(0.21)	(0.00)	0.00	0.00	<b>(0.32)</b>
Net HRA Impact	0.11	0.22	0.03	0.02	(0.01)	<b>0.05</b>

Appendix A – Full Business Case (FBC) Building Homes on the Abbeyfields Estate and Birchfield Estate, Cabinet 10 Nov 2020.

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Capital Account	2019/20	2020/21	2021/22	2022/23	2023/24	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
	£m	£m	£m	£m	£m	£m
Pre Contract Costs	0.11	0.00	0.00	0.00	0.00	<b>0.11</b>
Build Costs (including Fees)	0.00	0.74	5.75	0.85	0.00	<b>7.34</b>
POS & Infrastructure Costs (including Commuted Sum)	0.00	0.00	0.00	0.65	0.00	<b>0.65</b>
<b>Total Development Costs</b>	<b>0.11</b>	<b>0.74</b>	<b>5.75</b>	<b>1.50</b>	<b>0.00</b>	<b>8.10</b>
Capital Investment / Renewals <sup>1</sup>	0.00	0.00	0.00	0.00	0.00	<b>0.08</b>
Other Capital Financing (RTB 1-4-1 / Affordable Housing S106 / General RTB Receipts)	(0.00)	(0.06)	(0.04)	0.00	0.00	<b>(0.11)</b>
Borrowing/Repayment	0.00	(0.47)	(0.79)	1.25	0.00	<b>0.00</b>
Revenue Contributions from wider HRA	(0.11)	(0.21)	(0.00)	0.00	0.00	<b>(0.32)</b>
Receipts	0.00	0.00	(4.92)	(3.06)	0.00	<b>(7.98)</b>
Cyclical Maintenance Reserve Release	0.00	0.00	0.00	0.00	0.00	<b>(0.08)</b>
<b>Total Capital Income</b>	<b>(0.11)</b>	<b>(0.74)</b>	<b>(5.75)</b>	<b>(1.81)</b>	<b>0.00</b>	<b>(8.41)</b>
<b>Capital Account (Surplus) / Deficit</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(0.31)</b>	<b>0.00</b>	<b>(0.31)</b>

Balance Sheet Extract	2019/20	2020/21	2021/22	2022/23	2023/24	2049/50
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 30
	£m	£m	£m	£m	£m	£m
Land & Buildings	0.00	0.00	0.46	0.47	0.48	0.92
Cyclical Investment Reserve	0.00	0.00	0.00	0.01	0.01	0.02
Capital Reserve	0.00	0.00	(0.46)	(0.48)	(0.49)	(0.94)
<b>Net</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Properties	2019/20	2020/21	2021/22	2022/23	2023/24	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
HRA Social Rent Properties	0	0	2	0	0	2
Sale Properties	0	0	23	14	0	37
<b>Total Properties</b>	<b>0</b>	<b>0</b>	<b>25</b>	<b>14</b>	<b>0</b>	<b>39</b>

Formal approval to the ongoing capital investment / renewals programme (at a total value of £0.08 million over the coming 30 years) will be sought in due course as a part of the overall HRA capital programme as details of elemental investment needs emerge over time.

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### F. PROJECT MANAGEMENT CASE

*This considers how project delivery plans are robust and realistic*

#### F1. Key Project Milestones

*The summary Project Plan and milestones is attached at G1 below*

#### Planned Delivery Dates

Contract award (Both)

**Jan 2021**

Start on site (Both)

**Apr 2021**

Site completion (Both)

**Sept 2022**

12 months defects (Both)

**Sept 2023**

#### F2. Achievability

*Describe how the project can be delivered given the organisational skills and capacity available*

Birmingham City Council is an award-winning developer of mixed-use residential developments through Birmingham Municipal Housing Trust (BMHT).

BMHT was set up by the Council in 2009 to build new council homes. Since 2009, BMHT has developed over 3000 new homes for rent and sale. BMHT has a proven track record on delivery and established itself as the biggest housing developer in Birmingham by completing 25% out of all of the new homes built in the City since 2011.

#### F3. Dependencies on other projects or activities

The key risk remains unforeseen economic consequences of the current pandemic as it may delay the availability of humans and material resources.

There is an interdependency of all the elements of this project to deliver a comprehensive and strategic approach. Infrastructure works and Highways including stopping up orders for some existing HMPE and footpaths. Procurement of development partner. Associated legal documents / agreements to be negotiated and signed. Completion of Planning conditions.

#### F4. Officer support

**Project Manager: Mark English / Terry Webb**

**Project Accountant: Carl Tomlinson**

**Project Sponsor: Ian MacLeod**

#### 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 in house by Council officers. Overall Management / monitoring shall be via the Housing Project Board attended by:

Ian MacLeod – Acting Director, Inclusive Growth

Aniekan Umoren – Interim Assistant Director, Housing Development

Carl Tomlinson – Interim Finance Business Partner, Neighbourhoods

Colette McCann – Head of Housing Development

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### 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*

See F1

#### G2. SUMMARY OF RISKS AND ISSUES REGISTER

*Risks should include Optimism Bias, and risks during the development to FBC*

*Grading of severity and likelihood: High – Significant – Medium - Low*

The risk register is appended to the executive report for this project as Appendix E.		Risk after mitigation:	
Risk or issue	mitigation	Severity	Likelihood
1.			
2.			
3.			
4.			
5.			
6.			

#### 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)*

Applications for grant or other funding will be submitted when the opportunity arises.

#### G4. STAKEHOLDER ANALYSIS

Stakeholder	Role and significance	How stakeholder relationships will be managed
Ward members	Active lead ward representative, interest of constituents/ Council - High	In house through dialogue and engagement / consultation
Local community	Residents - High	On-going resident consultation and engagement to review progress
Planning Officer	Consultant/ advisory - High	Regular design team meetings to review progress
Contractor	Delivery/Operational -High	Monthly site meetings throughout the scheme
Architect	Consultant/advisory/Designer - High	Periodic meetings, formal professional relationship
Engineers	Consultant/Advisory -High	Periodic meetings, formal professional relationship

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### G5. BENEFITS REGISTER

*For major projects and programmes over £20m, this sets out in more detail the planned benefits. Benefits should be monetised where it is proportionate and possible to do so, to support the calculation of a BCR and NPSV (please adapt this template as appropriate)*

Measure	Annual value	Start date	Impact
<i>List at least one measure associated with <b>each</b> of the outcomes in B1 above</i>			<i>What the estimated impact of the project will be on the measure identified</i>
<b>(a) Monetised benefits:</b>	£		
<b>(b) Other quantified benefits:</b>			
<b>(c) Non-quantified benefits:</b>			

### Other Attachments

*provide as appropriate*

• None	
•	
•	
•	