

APPENDIX 1

OUTLINE BUSINESS CASE (OBC)

A. GENERAL INFORMATION

A1. General

Project Title <i>(as per Oracle)</i>	Small Heath Swimming Pool Refurbishment		
Oracle code	TBA		
Portfolio /Committee	Health & Social Care	Directorate	City Operations
Approved by Project Sponsor	Chris Jordan AD Neighbourhoods Date 12.05.2023	Approved by Finance Business Partner	Carl Tomlinson Finance Business Partner Date 12.05.2023

A2. Project Description

In August 2016 the swimming pool at Small Heath Wellbeing Centre (WBC) was closed to the public after local flooding caused the tiles to lift off the side of the pool and subsequent temperature changes caused movement in the pool structure. The project seeks to complete the repairs and refurbishment works required to recommission the pool to allow the local community to access the physical and mental health benefits of regular swimming at an estimated total project cost of £3.900m.

Small Heath WBC is a large leisure facility, built in the 1970's and still directly managed by the Council. It contains a main and teaching swimming pools, multiple gyms, sports hall, dance studio, squash courts and outdoor sports pitches. The Centre is part of a bigger complex which includes Small Heath Leadership Academy (part of Star Academy Trust) and Small Heath Library, and both the Council Youth Service and the School occupy the first floor of the Wellbeing Centre. Heating and hot water are provided across the entire site from the plant room located in the Wellbeing Centre.

The Centre is open to the public from 07.00 to 21.00 on weekdays and shorter hours at weekends. However, the current Shared Use Agreement with the School gives them exclusive access to the sports hall, squash courts, dance studio, and outdoor areas from 09.00 until 17.00 (Monday to Friday during term time). and use of the sports hall during exam periods. The school also used the swimming pool whilst it was still operational.

Tentative discussions about transferring management of the facility to the Star Academy Trust, with appropriate safeguards for on-going community use, were on-going for a considerable period of time but the Trust has now concluded that they are unable to progress this option in light of the financial liabilities it would bring.

In addition to the pool and wet side facilities, the rest of the ageing building requires substantial investment of such as scale that a new facility probably offers better value for money. The longer-term ambition is therefore to develop a new purpose-built leisure facility in the locality, with modern energy efficient building materials and systems, that will be cheaper to run and offer a much better customer experience. However, given the time it will take to identify and acquire land and develop a business case, it is proposed to undertake the immediate work required to bring the existing swimming pool back into operation as a stop-gap solution to provide the local community with swimming facilities whilst a new build is explored. The School would still require use of the existing facility in the future to deliver the curriculum and discussions have opened with the Trust and the Children & Families Directorate about how that arrangement could be structured.

The project scope includes :

- re-lining the pool and refurbishment of the pool area and surrounding walkways;
- re-tiling to pool deck surround and decoration to the pool area;
- light refurbishment of wet changing facilities to ensure they are fit for purpose (including facilities for customers with disabilities);
- removing asbestos from the ceiling void, installing a suspended ceiling and new LED lighting to the pool area;
- provision of new plant (boilers, filters, water systems etc) which is beyond its economic life span and is increasingly costly to run;
- replacement of the air handling unit.

Approval is sought to fund the project up to and inclusive of development to Royal Institute of British Architects (RIBA) Stage 4, including intrusive surveys, at a cost of £0.450m in order to develop a Full Business Case and contract sum. This will be funded from the existing corporate capital budget (prudential borrowing).

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

An analysis of swimming facilities against the Council's Swimming Strategy shows not only an overall deficit of water provision in Birmingham, but a particular lack of alternative sites in the central east of the city, and there is a decade long ambition to deliver a new swimming pool in this part of Birmingham. The closure of the Small Heath pool has exacerbated that deficit.

The Centre is located on Muntz Street in Bordesley Green Ward, on the border with Small Heath Ward, in an area of the city with significant deprivation. The ward ranks second highest most deprived in Birmingham and sits in the 10% most deprived in England (Indices of Deprivation 2019). Residents have some of the poorest health outcomes and life expectancy is almost 8 years lower than in the most affluent ward and childhood

obesity is running at 28.5% by the time children reach Year 6 (Public Health ward profiles 2019). The customer base reflects the demography of the surrounding locality with most customers living within 1 mile of the Centre and 90%+ being from BAME groups.

Covid19 highlighted existing health inequalities in communities such as this and the importance of having opportunities to maintain physical and mental wellbeing is critical to community recovery post pandemic, and to tackling long standing health inequalities.

The proposed scheme will contribute to the Council's Corporate Plan 2022 - 2026 Key Priorities, specifically:

A Bold Healthy Birmingham :
Encourage and enable physical activity and healthy living; and
Tackle health Inequalities

Re-opening the pool would allow local residents to regain the health benefits of learning to swim and engaging in regular swimming. In the 12 months prior to closure there were :

- 21,860 attendances at general swimming
- 32,000 attendances at Strokes sessions (swimming tuition)
- the Centre was also home to two swimming clubs, one for elite athletes and the other serving the LBBTQ+ community.

The Be Active offer allows all Birmingham residents free access to activities at our leisure facilities to remove cost as a barrier to exercise, in order to tackle health inequalities and increase participation in physical activity. Small Heath WBC currently offers 90 hours a week free access to gyms, group fitness classes, children's fitness classes and prior to the pool closure also provided free Be Active swimming sessions for 41 hours a week.

The provision of swimming facilities in this locality is consistent with the funding agreement between the Wellbeing Service and Public Health which seeks to drive up participation in physical activity, particularly amongst under-represented groups such as BAME women who were able to access women only swimming sessions at the Centre.

A Bold Inclusive Birmingham:
Support and enable all children and young people to thrive

Learning to swim is a key target within the schools' curriculum and the Centre previously offered school swimming lessons, normally accommodating 29 local primary and secondary schools, averaging around 3,000 attendances per week during term time; in addition to offering free swimming for all under 16's.

Empower the Citizen and Enable the Citizen Voice

The project would respond to the numerous representations and petitions received from members of the community to bring the pool back into operation, either direct or through their MPs and Ward Councillors or on social media.

A Bold Green Birmingham

Continue on the Route to Net Zero

Replacing the ageing pool plant with modern, more energy efficient equipment and replacing traditional light bulbs with LED ones would contribute to the Council's ambition to achieve net zero carbon emissions by 2030. Consideration of technical options to reduce carbon emissions will form part of the detailed design stage in liaison with the Route to Zero team.

B2. Project Deliverables

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

- Main swimming pool and teaching pool brought back into operation
- Shared boilers and plant replaced
- Pool lighting upgraded to LED
- Wet side changing facilities refurbished to ensure they are fit for purpose
- Provision of wet side changing facilities for customers with disabilities
- Asbestos removed and suspended ceiling installed

B3. Project Benefits

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

Measure	Outline Impact
Be Active + (Exercise on Prescription), Be Active (free access), General Public Swimming, Swimming Tuition and School Swimming Sessions and both Men and Women Only Swimming Sessions reinstated	Increasing levels of physical activity amongst target groups resulting in improved physical, mental and social health (attendances captured on Gladstone Leisure Management System)
Disproportionate adverse impact on groups with protected characteristics addressed	Access to swimming for the local community, which is primarily BAME, reinstated
Reduction in carbon emissions through installation of energy efficient plant	Carbon emissions reduced and risk of catastrophic plant failure on WBC, School Library and Youth Service addressed
Increased provision of swimming	Deficit of water space in the city reduced
Life expectancy of building increased by	

15 years if maintained properly	Reduced impact on repair and maintenance costs

B4. Property implications

Describe any implications for Council properties and for the Council's property strategies

Investment in a key operational facility is in line with the Council's Property Strategy 2018/19 - 2023/24 by being operationally efficient and providing fit for purpose facilities.

C. ECONOMIC CASE - 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. Options reviewed

A full description and review of each option is in Section G1

Option 1 - Recommended Option: complete the programme of repairs and refurbishment of the swimming pool and wet changing areas including provision of facilities for customers with disabilities; and install modern energy efficient plant. Estimated at £3.9m

Option 2 - Do Nothing: leave the pool closed and continue to run "dry" activities from other parts of the Wellbeing Centre, leaving the local community without access to swimming facilities. Some elements included in the pool refurbishment would be required in any event (removal of asbestos, replacement of plant). Estimated at £1m excluding on-going repairs and maintenance

Option 3 – Complete Renovation: carry out a full programme of renovation to the pool and pool side areas; install modern energy efficient plant; and undertake a full renovation of the rest of the Well being Centre, including the sports hall, gyms, and those areas occupied by the School and Youth Service; eg flooring, roof, windows, external façade, etc. Estimated at upwards of £8m

C2. Summary of Options Appraisal – Price/Quality Matrix

	Option score (out of 10)					Weight	Weighted Score				
Criteria	1	2	3				1	2	3		
1. Total capital cost	6	10	2			20%	1.2	2.0	0.4		
2. Full year revenue consequences	6	10	2			10%	0.6	1.0	0.2		
3. Benefits: Council priorities	8	0	8			20%	1.6	0	1.6		
4. Benefits: Service priorities (R&M)	8	0	9			20%	1.6	0	1.8		
5. Deliverability and risks	7	2	5			20%	1.4	0.4	1.0		
6. Other impacts (Utility Costs/CO2)	8	0	8			10%	0.8	0	0.8		
Total	53	22	34			100%	7.2	3.4	5.8		

Further details are given in the Options Appraisal Records attached at the end of this OBC.
C3. Option recommended, with reasons <i>Which option is recommended and the key reasons for this decision.</i>
The option recommended is Option 1 as this is the minimum required to enable the reinstatement of swimming provision in this locality.
C4. Risks and Issues of the preferred option An Outline Risks and Issues Register is attached at the end of this OBC, including risks during the development to Full Business Case stage. The main risk is that unexpected and unbudgeted costs will emerge once building work starts. This risk will be mitigated during the development phase which will include the completion of intrusive surveys and expert assessments eg asbestos reports to ascertain the true condition of the building; a valid pre-tender estimate reflecting market conditions; a robust specification for tenderers to bid against and robust contract management; and provision of a contingency cost for any unforeseen works during the construction phase.
C5. Other impacts of the preferred option <i>Describe other significant impacts, both positive and negative</i>
Overall, the project delivers positive benefits to the current and potential service users as set out in section B1 However, the work will involve temporary disruption to service provision and to the school's access to the "dry" facilities, and potential noise disturbance. This will be minimised in consultation with contractors and other services on site to, where possible, time work at less busy periods eg school holidays.
D. COMMERCIAL CASE <i>This considers whether realistic and commercial arrangements for the project can be made</i>
D1. Partnership, Joint venture and accountable body working <i>Describe how the project will be controlled, managed and delivered if using these arrangements</i>
Acivico Ltd will manage the project on behalf of the Council. Corporate Landlord will act as the Intelligent Client on behalf of the City Operations Directorate. The Wellbeing Service will manage and operate the facility on completion. The Council's Children and Families Directorate manages the Library and Youth Service so are a key consultee and they will also facilitate liaison with the School and Academy Trust, and the Library and Youth Service.
D2. Procurement implications: <i>What is the proposed procurement strategy and route? Which Framework, or OJEU?</i>
A further competition exercise will be undertaken using Lot 1 of Acivico Ltd's Constructing West Midlands Framework Agreement.

E. FINANCIAL CASE					
<i>This sets out the cost and affordability of the project</i>					
E1. Financial implications and funding					
Capital Expenditure:	<i>Financial Year 23/24 £'m</i>	<i>Financial Year 24/25 £'m</i>	<i>Financial Year 25/26 £'m</i>	<i>Later Years £'m</i>	<i>Totals £'m</i>
Oracle capital code: TBA					
Capital costs already incurred:					
Development costs to proceed to Full Business Case	0.450	-			0.450
Other costs to complete project Fees/Works/Contingencies	-	2.000	1.450		3.450
Total capital expenditure	0.450	2.000	1.450		3.900
Capital funding:					
Funded by Corporate PB	0.450	2.000	1.450		3.900
Total capital funding <i>Must fund all the costs</i>	0.450	2.000	1.450		3.900

Revenue Consequences	<i>Financial Year 23/34 £m</i>	<i>Financial Year 24/25 £m</i>	<i>Financial Year 25/26 £m</i>	<i>Full Year/ On-going £m p.a.</i>	<i>Totals £'m</i>
Oracle Code – TBA					
Development costs (revenue)					
Operating period expenditure: -Prudential Borrowing Charges (Corporate)		0.045	0.242	0.385	5.745
Income					
Savings					
Total rev. consequences					
Revenue Funding:					

Current Budgetary Provision					
Other revenue resources identified: <i>Corporate Funding assumed additional 15 year life to facility</i>					
Total revenue funding		0.045	0.242	0.385	5.745

E2. Evaluation and comment on financial implications:

The Wellbeing Service does not have a revenue budget to fund the prudential borrowing costs required to pay for the work to develop a Full Business Case and this will be funded from the corporate capital budget (prudential borrowing). Firm contract costs for the overall project will be developed as part of the Full Business Case and a further report to Cabinet will be prepared to seek approval to proceed with the project, funded by further corporate prudential borrowing. The estimated project sum includes provision for contingencies at industry standard rates and for inflation.

E3. Approach to optimism bias and provision of contingency

A contingency provision will be included in the final project costs in line with industry standards.

E4. Taxation

Describe any tax implications and how they will be managed, including VAT

The Council will be able to recover the 20% VAT on payments to the contractor under the normal procedures.

As this is a construction project, the requirements of HMRC's Construction Industry Tax Scheme will be included in the contract documentation to ensure the Council's compliance

F. PROJECT MANAGEMENT CASE

This considers how project delivery plans are robust and realistic

F1. Key Project Milestones	Planned Delivery Dates
OBC approval	Cabinet July 2023
Detailed Design	August 2023 to April 2024
Full Business Case approval (including contract award)	July 2024
Start on site	September 2024
Date project operational / complete	August 2025
Date of Post Implementation Review	November 2025
F2. Achievability	

<i>Describe how the project can be delivered given the organisational skills and capacity available</i>
ACIVICO Ltd and the CWM framework contractors have all got extensive experience and knowledge of working on large successful refurbishment projects, similar to this proposal
F3. Dependencies on other projects or activities
Securing capital funding via corporately funded prudential borrowing Planning permission (plant room) Building Regulations Successful completion of the procurement process
F4. Products required to produce Full Business Case
<i>This should be a full list of the items required in order to produce a Full Business Case.</i>
<ul style="list-style-type: none"> • Financial plan including funding • Detailed design • Social Impact assessment • Environmental impact assessment • Tender details (occasionally tenders may be required during project development) • Consultation/Stakeholder analysis • Contract management plan • Surveys
F5. Estimated time to complete project development to FBC
<i>Give an estimate of how long it will take to complete the delivery of all the products stated above, and incorporate them into a Full Business Case.</i>
9 months from date of Cabinet approval to OBC (scheduled July 2023)
F6. Estimated cost to complete project development to FBC
<i>Provide details of the development costs shown in Section F1 above (capital and revenue). This should include an estimate of the costs of delivering all the products stated above, and incorporating them into a Full Business Case. The cost of internal resources, where these are charged to the project budget, should be included. A separate analysis may be attached.</i>
Fees and surveys to RIBA Stage 4 and pre-construction contractor costs (PCSA) £0.450m
F7. Funding of development costs
<i>Provide details of development costs funding shown in Section F1 above.</i>
The cost to develop the project to FBC is to be funded as proposed in section E2
F8. Officer support
Project Manager: Kulvinder Singh, Senior Projects Manager (Acivico) and Lesley Steele, Operational Programme Manager, Corporate Landlord
Project Accountant: Lisa Pendlebury, Corporate Finance
Project Sponsor: Chris Jordan, AD Neighbourhoods
F9. Project Management
<i>Describe how the project will be managed, including the responsible Project Board and who its members are</i>

The construction contract will be administered via Acivico Ltd and the client will be represented by the Client PM who will be responsible for ensuring the governance process and project methodology is adhered to.

It is envisaged that Corporate Landlord would act as Client PM and have overall responsibility for delivery within the agreed tolerances (cost, time, quality).

The Project Board will include representation from the Client (City Operations), Finance and Property Services.

G. SUPPORTING INFORMATION

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

G1. OBC OPTIONS APPRAISAL RECORDS (these are summarised in section C2)

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

Option 1	Recommended Option: complete the programme of repairs and refurbishment of the swimming pool and wet changing areas including provision for customers with disabilities; and install modern energy efficient plant.
Information Considered	<p><i>What information was considered in evaluating the option – this must be the same for each option considered.</i></p> <ul style="list-style-type: none"> • Current condition of the facility • Capital and revenue funding e.g. affordability • Revenue operational/running costs • Location of alternative facilities • Opportunity to extend and improve service delivery offer to the local community • Views of customers, local community and elected representatives
Pros and Cons of Option	<p><i>What were the advantages/positive aspects of this option?</i></p> <ul style="list-style-type: none"> • Quickest and least expensive way of restoring swimming provision in the locality • Allows local schools who are currently not able to access the facility to meet a curriculum requirement for children to learn to swim • Removes risk of catastrophic impact of plant failure on adjoining Library and Secondary School, and associated health and safety concerns • Extends the life of the pool and associated facilities by 15 years • Reduced carbon emissions from more energy efficient plant • Supports the health and wellbeing of local residents • Supports the delivery of the Service Level Agreement with Public Health • Brings an existing asset back in to use <p><i>What are the Disadvantages/negative aspects of this option?</i></p>

	<ul style="list-style-type: none"> • Capital cost • Does not address the condition of the rest of the facility (Wellbeing Centre) • Investing in a building that will be vacated in due course • Disruption to service users and other services on site during works
People Consulted	<p><i>Who was consulted regarding development of key elements of this option</i></p> <p>Cabinet Member Health & Social Care Cabinet Member Children, Young People and Families Ward Councillors Bordesley Green & Small Heath Small Heath Leadership Academy/Star Academy Trust Service Users/Local Community (Survey 2018 and subsequent representations) Children & Families Directorate Strategic Director of City Operations</p>
Recommendation	Proceed or Abandon this Option
Principal Reason for Decision	<p><i>What are the key reasons for the recommendation regarding this option</i></p> <p>Most affordable and quickest route to bring the pool back in to community use</p>

Option 2	Do Nothing : leave the pool closed and continue to run “dry” activities from other parts of the Wellbeing Centre leaving the local community without access to swimming facilities
Information Considered	<p><i>What information was considered in evaluating the option – this must be the same for each option considered.</i></p> <ul style="list-style-type: none"> • Current condition of the facility • Capital and revenue funding e.g. affordability • Revenue operational/running costs • Location of alternative facilities • Opportunity to extend and improve service delivery offer to the local community • Views of customers, local community and elected representatives
Pros and Cons of Option	<p><i>What were the advantages/positive aspects of this option?</i></p> <ul style="list-style-type: none"> • No capital investment is required <p><i>What are the Disadvantages/negative aspects of this option?</i></p> <ul style="list-style-type: none"> • No health and wellbeing benefits for the local community who would continue to be deprived of the opportunity to access swimming provision. • Local schools would still have to transport children across the City for swimming lessons • Loss of income from paid for swimming sessions and lessons • No ability to deliver free-to-access (Be Active) swimming sessions impacting on City-wide attendance targets • Ageing plant liable to failure resulting in escalating R&M costs and significant risk of disruption to all the services located on site including the school
People Consulted	<i>Who was consulted regarding development of key elements of this</i>

	<p><i>option</i></p> <p>Cabinet Member Health & Social Care Cabinet Member Children, Young People and Families Ward Councillors Bordesley Green & Small Heath Small Heath Leadership Academy/Star Academy Trust Service Users/Local Community (Survey 2018 and subsequent representations) Children & Families Directorate Strategic Director of City Operations</p>
Recommendation	Proceed or Abandon this Option
Principal Reason for Decision	<p><i>What are the key reasons for the recommendation regarding this option</i></p> <p>To do nothing does not address the documented lack of swimming provision in the Central East of the City or the local demand for the pool to be brought back in to use, and carries risk of catastrophic plant failure impacting on all occupiers.</p>
Option 3	<p>Complete Renovation: carry out a full programme of renovation to the pool and pool side areas; install modern energy efficient plant; <u>and undertake a full renovation of the rest of the Well being Centre</u>, including the sports hall, gyms, and those areas occupied by the School and Youth Service; eg flooring, roof, windows, external façade, etc</p>
Information Considered	<p><i>What information was considered in evaluating the option – this must be the same for each option considered.</i></p> <ul style="list-style-type: none"> • Current condition of the facility • Capital and revenue funding e.g. affordability • Revenue operational/running costs • Location of alternative facilities • Opportunity to extend and improve service delivery offer to the local community • Views of customers, local community and elected representatives
Pros and Cons of Option	<p><i>What were the advantages/positive aspects of this option?</i></p> <ul style="list-style-type: none"> • Modernised and refurbished facility, providing better quality provision for all service users including school children • Reduced carbon emissions from energy efficient plant • Removes risk of catastrophic impact of plant failure on adjoining Library and Secondary School, and associated health and safety concerns • Extends the life of the building by 15 to 20 years • Offers local schools a facility to meet a curriculum requirement for children to learn to swim • Supports the health and wellbeing of local residents • Supports the delivery of the Service Level Agreement with Public Health • Brings an existing asset back in to use <p><i>What are the Disadvantages/negative aspects of this option?</i></p> <ul style="list-style-type: none"> • Significantly higher capital cost that would be difficult to justify given the age of the facility – a new build may offer better

	<p>value for money</p> <ul style="list-style-type: none"> • Significantly longer period of disruption whilst work carried out • Likely to be on-going repairs and maintenance issues • Further work and costs likely to merge the more extensive the project
People Consulted	<p><i>Who was consulted regarding development of key elements of this option</i></p> <p>Cabinet Member Health & Social Care Cabinet Member Children, Young People and Families Ward Councillors Bordesley Green & Small Heath Small Heath Leadership Academy/Star Academy Trust Service Users/Local Community (Survey 2018 and subsequent representations) Children & Families Directorate Strategic Director of City Operations</p>
Recommendation	Proceed or Abandon this Option
Principal Reason for Decision	<p><i>What are the key reasons for the recommendation regarding this option</i></p> <p>The long term ambition is to develop a new facility in the locality and this option likely does not represent value for money for what is effectively an interim solution to restore swimming provision in the meantime. However, the option will be reassessed as part of the business case for a new build.</p>

G2. OUTLINE 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

		Risk after mitigation:	
Risk or issue	Mitigation	Like-likelihood	Severity
1. Unforeseen additional works arise in course of refurbishment causing additional funding requirement	Comprehensive surveys will have been carried out. All known risks will be evaluated, and a contingency sum allocated to mitigate overall project risk. The risk register will be reviewed at intervals throughout the project.	Low	Low
2. Work not completed on time	Contractor will work to an agreed programme of scheduled activities that will be reviewed at each progress meeting. Slippage of activities will be highlighted at an early stage and activities rescheduled/adjusted to mitigate any delays	Medium	Medium
3. Public expectations are not deliverable	Communication will be ongoing throughout the life of the project to ensure expectations are kept real	Low	Low
4. Departure of key staff members	Work will be done on a team basis; regular project meetings will be held to ensure a spread of knowledge across key personnel	Low	Low
5. Disruption of works being undertaken on a	Mitigate by planning most disruptive works outside of school hours where	High	Medium

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site that is operational (leisure, school, library, youth service) and potential disruption of noise, dust, temporary loss of services etc	possible; forward planning and communication with all stakeholders		
6. Brexit/Inflation – impact on cost of materials and labour	Tenderers will be requested to include any implications in their tender response which will form part of the successful bidder's contract.	Medium	Medium