

OUTLINE BUSINESS CASE (OBC)

A. GENERAL INFORMATION

A1. General

Project Title <i>(as per Voyager)</i>	BMAG - MEND	Portfolio /Committee	Leaders Portfolio
Directorate	City Operations	Project Code <i>(as per Voyager)</i>	CA-
Approved by Project Sponsor	Chris Jordan, AD Neighbourhoods	Approved by Finance Business Partner	Carl X Tomlinson

A2. Project Description

Birmingham Museum and Art Gallery (BMAG) is part of the Council House Complex which includes the Council House, Council House extension (Margaret St) and BMAG. BMAG was built in 1885 and is Grade II* listed. It consists of the 1885 galleries (entrance, Round Room, cafe, Industrial Gallery, balcony galleries, shop) which are linked by a bridge (Link Bridge) to the rest of the building which consists of the Council House Extension (CHE) Galleries, back of house spaces, workshops, fine art stores, and the Gas Hall exhibition space.

A grant application was submitted to the Museum Estate and Development Fund MEND for £4.9m in October 2021 to financially support work to Birmingham Museum & Art Gallery (BMAG) to:

- protect building fabric, structure, exhibits & collections from water ingress
- improve physical access w/ two new lifts
- upgrade heating

The project delivers on all MEND aims with the majority of funds invested to protect the fabric and longevity of BMAG's structure, displays and stored designated collections by undertaking repairs to prevent water-ingress. The project includes improving conditions and safety for building users, collections and building fabric; upgrading heating and fire safety; improving physical access and protecting collections in transit with the replacement of lifts.

The Council is currently undertaking a programme of electrical works requiring a decant of BMAG. The timing offers a unique opportunity to undertake the project whilst the Museum is closed to the public.

Approval was received from the Arts Council England (ACE) in February 2022 on the full grant submission of £4.9m

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 invest in Outcome 4 Birmingham is a great, clean and green city to live in.

- Property Strategy 2018/19 – 2023/24. The grant funding will allow much needed works to be carried out on one of the city's key buildings protecting the grade II* building fabric and its irreplaceable collections for future generations, providing “fit for purpose” property which meets modern standards and service specific defined objectives, specifically working towards ensuring the asset is operationally efficient.
- Birmingham Business Charter for Social Responsibility (BBC4SR)

ISG Construction Ltd. will be required to produce an action plan with commitments relevant and proportionate to the value of the proposed contract as part of the work to deliver RIBA Stage 4. Outcomes including employment, local supply chain commitments, training and engagement events in schools in the Ladywood ward and surrounding areas will be required. The Action Plan will be managed and monitored during the contract period.

B2. Project Deliverables

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

- Repairs to plaster/paint work throughout the 1885 building and extension.
- Refurbished goods lift (Margaret St) and passenger lift (Gas Hall).
- Heating upgrades to 1885 building, bridge link and the Council House extension.
- Upgrades to water inlet/outlet
- Fire door/fire stopping upgrade.

Health and safety, access and building sustainability issues addressed in the above.

B3. Project Benefits

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

Measure	Outline 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</i>
Deliver revenue savings – reduced maintenance and energy consumption	Reduces reactive repairs and maintenance, lower energy costs.
Supports income generation	Allows for areas to be used for functions, exhibitions without the risk of disruption from water ingress etc.
Improved fire protection, roof repairs and work to upgrade the water inlet/outlet	Collection safety - Reassurance that the collections are protected from the risk of fire and water damage in the future
Refurbishment of the public lift	Refurbishment of the Gas Hall public lift will ensure that there is access for all.
Improved visitor experience	Installation of heating in the Tearoom, Bridge Link and other areas of the building will provide a more ambient environment for visitors.
New heating and energy efficient lighting together with the roof repairs will ensure the building is more sustainable.	Reduction in the carbon footprint of BMAG

B4. Property implications

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

The investment will contribute to the longevity of a grade II* building. It will also contribute towards achieving a fit for purpose property asset which meets modern standards and service specific defined objectives that will be appropriate to house the city's collections in.

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 - Proposed option: to accept the MEND grant funding to carry out repairs/refurbishment work to BMAG

Option 2 - Business As Usual: To do nothing

C2. Summary of Options Appraisal – Price/Quality Matrix

Criteria	Option score				Weight	Weighted Score			
	1	2	3	4		1	2	3	4
1. Total capital cost	10	0			40	4	0		
2. Upfront revenue cost	5	10			15	0.75	1.5		
3. Full year revenue consequences	8	2			15	1.2	0.3		
4. Benefits: Council priorities	8	2			10	0.8	0.2		
5. Benefits: Service priorities	8	2			10	0.8	0.2		
6. Deliverability and risks	8	2			10	0.8	0.2		
Total	47	18			100%	8.35	2.4		

Further details are given in the Options Appraisal Records attached at the end of this OBC.

C3. Option recommended, with reasons

Which option is recommended and the key reasons for this decision.

Option 1 is the preferred option. This offers the opportunity of utilising grant funding to repair/renovate the grade II* listed BMAG at no additional cost to the Council. It also utilises the window for the temporary closure of BMAG which is an opportunity which is unlikely to arise again in the short/medium term.

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.

C5. Other impacts of the preferred option

Describe other significant impacts, both positive and negative

Negative: The programme of work will delay the date for reopening BMAG to the public.
Positive: This option will reduce the pressure on the r&m budget and avoid future repair costs. It will also contribute to protecting the collections that BMAG houses. The works will extend the life of a landmark listed building in Birmingham.

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

The project will be delivered in partnership with Birmingham Museums Trust. The grant funding has been awarded to the Council (BCC) and will therefore it will be their responsibility to financially manage the project including submission of grant drawdowns. The project will be managed on behalf of the client (BMT) by Property Services but with full input by BMT. The contract will be administered by Acivico Ltd with the construction programme also project managed by Acivico Ltd.

D2. Procurement implications:

What is the proposed procurement strategy and route? Which Framework, or OJEU?

It is proposed that the Construction West Midlands Framework Lot 2 contractor, ISG Construction is appointed via a direct award. ISG Construction Ltd are currently on site leading on the 'Electrical rewire and refurbishment project' for the Council House Complex. There are a number of reasons for this decision.

The avoidance of 2 main contractors on site at the same time working in the same areas which could result in claims, abortive works, additional costs, programme issues and health and safety conflict.

ISG Construction Ltd has knowledge of the building and how it operates including the services, plant and equipment.

Avoidance of 2 site offices and duplication of preliminaries.

Continuity of the work programme.

Quality of materials and workmanship is maintained as procured through the same supply chain.

The 2 x workstreams (electrical rewire and MEND works) can be delivered in parallel which will allow for the start on site and spend deadlines for the MEND fund to be met

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 21/22 £m</i>	<i>Financial Year 22/23 £m</i>	<i>Financial Year 23/24 £m</i>	<i>Later Years £m</i>	<i>Totals £m</i>
Voyager capital code:					
Capital costs already incurred:					
Development costs to proceed to Full Business Case		380,349	0	0	380,349
Other Costs to complete project Construction inc contingency Fees, prelims, & charges		529,545 203,540	3,497,269 315,973	0 72,144	4,026,814 591,657
Total capital expenditure		1,113,434	3,813,242	72,144	4,998,820
Capital funding: Development costs funded by:					
Other Costs Funded by: MEND		1,113,434	3,813,242	72,144	4,998,820
Total capital funding <i>Must fund all the costs</i>		1,113,434	3,813,242	72,144	4,998,820
Revenue Consequences	<i>Financial Year 21/22 £m</i>	<i>Financial Year 22/23 £m</i>	<i>Financial Year 23/24 £m</i>	<i>Full year / ongoing £m p.a.</i>	
Voyager rev. budget code:					
Development costs (revenue)	87,628				
Operating period expenditure: - -					
Income					
Savings					
Total rev. consequences					

Revenue Funding:					
Current Budgetary Provision R&M Other revenue resources identified: (Please itemise)	87,628				
Total revenue funding					
E2. Evaluation and comment on financial implications:					
This proposal seeks no additional capital funding from the Council. The capital budget used as a match has already been approved as part of the Council House Complex - Electrical Upgrade and Refurbishment Works. It will be used for its original purpose with no deviation.					
E3. Approach to optimism bias and provision of contingency					
Inflation at 7.25% has been included within the cost plan which equates to £272,209 together with an item for risks (contingency).					
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					
<i>This considers how project delivery plans are robust and realistic</i>					
F1. Key Project Milestones			Planned Delivery Dates		
MEND grant approval from Arts Council England			February 2022		
OBC approval			22 nd March 2022		
RIBA Stage 4 design			April – July 2022		
Listed Planning approval submission			May 2022		
Agree contract sum			August 2022		
Full Business Case approval			November 2022		
Works commence on site			January 2023		
Works complete			February 2024		
Date of Post Implementation Review			March 2025		
F2. Evaluation and achievability of timetable					
<i>Describe how the project can be delivered given the organisational skills and capacity available</i>					
A project team has been identified with representatives from Property Services, BMT and Acivico Ltd who will bring in specialist support on a needs basis when required. Once appointed the contractor will also be part of the Project Team.					
F3. Dependencies on other projects or activities					
The MEND project will fit seamlessly into Phase 2 of the Electrical Rewire/Refurbishment					

Programme which begins in June 2022. The timing of Phase 2, closure of BMAG and decant offers a once-in-a-lifetime opportunity to undertake the MEND Project.

The following activities need to be achieved to support the project delivery:

- Approval of MEND grant funding
- Approval of the Cabinet Report and OBC
- Listed Planning permission.
- Award of construction contract

F4. Products required to produce Full Business Case

This should be a full list of the items required in order to produce a Full Business Case.

- Acceptance of MEND grant
- Surveys e.g. asbestos, structural etc.
- RIBA Stage 4
- Listed planning consent
- Approval of Cabinet report/OBC
- Agreed contract sum
- Environmental impact assessment

F5. Estimated time to complete project development to FBC

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.

On completion of RIBA Stage 4 it is anticipated a costed contract sum will be available by the end of August 2022. This will be presented for approval in a Cabinet report and Full Business Case for Cabinet in November 2022.

F6. Estimated cost to complete project development to FBC

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.

A sum of £380,349 is required to develop the proposal to RIBA Stage 4.

F7. Funding of development costs

Provide details of development costs funding shown in Section F1 above.

The development costs to RIBA Stage 3 were funded via the Museums revenue budget. It was a condition of the MEND Fund application that all applications had been developed to RIBA Stage 3.

F8. Officer support

Project Manager: Lesley Steele, Property Services

Project Accountant: Carl Tomlinson

Project Sponsor: Chris Jordan, A.D Neighbourhoods

F9. 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 will be set up, made up of BMT client representatives, Client PM, Acivico and the contractor. The project team meet regularly (dates to be agreed) to progress the development proposal.

APPENDIX 2

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

G. SUPPORTING INFORMATION

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

G1. OBC OPTIONS APPRAISAL RECORDS

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	To accept the MEND grant funding to carry out repairs/refurbishment work to BMAG
Information Considered	<ul style="list-style-type: none"> • Grade II* building listing • The protection of the collections • Capital funding • Revenue (operational running/maintenance costs) • Fit for purpose provision e.g. Health and Safety • Sustainability and the Green agenda • Legislation requirements. • Timescale for implementation
Pros and Cons of Option	<p><i>What were the advantages/positive aspects of this option?</i></p> <ul style="list-style-type: none"> • The building has been decanted as part of the Council House Complex – Electrical rewire/refurbishment project. This opportunity will not occur again. • The opportunity to utilise external grant funding to address major issues with the building. • The works will reduce future R&M costs. • The works will help protect the collections for future generations • Extending the life of a Grade II* building • Energy savings due to heating and roof improvement works • Supports the Property Strategy 2018/19 – 2023/24 by providing fit for purpose assets. • Supports the priorities illustrated in the Birmingham City Council Plan 2018-2022 <p><i>What are the Disadvantages/negative aspects of this option?</i></p> <ul style="list-style-type: none"> • <i>The reopening of BMAG to the public following its temporary closure for the Council House Complex Electrical rewire and refurbishment project will be delayed in order to complete the works in this proposal.</i> • <i>The capital grant funding will be ringfenced to the items identified in the application. Any deviation from this would require Arts Council approval.</i>
People Consulted	<i>BMT, Historical England, BCC Conservation Planner, Managing Director City Operations, AD Neighbourhoods, AD Property, Cabinet Members Finance and Resources and Education, Skills and Culture.</i>
Recommendation	Proceed
Principal Reason for Decision	<i>The proposal is to be funded from grant funding at no additional cost to the Council.</i>

Option 2	<i>Business as usual – do nothing</i>
Information Considered	<ul style="list-style-type: none"> • <i>Grade II* building listing</i> • <i>The protection of the collections</i> • <i>Capital funding</i> • <i>Revenue (operational running/maintenance costs)</i> • <i>Fit for purpose provision e.g. Health and Safety</i> • <i>Sustainability and the Green agenda</i> • <i>Legislation requirements.</i> • <i>Timescale for implementation</i>
Pros and Cons of Option	<p><i>What were the advantages/positive aspects of this option?</i></p> <ul style="list-style-type: none"> • There are no advantages identified for this option. <p><i>What are the Disadvantages/negative aspects of this option?</i></p> <ul style="list-style-type: none"> • <i>This would disregard the opportunity of securing external funding to invest in BMAG.</i> • <i>The building issues identified in this proposal will continue to worsen and have a negative impact on the building and collection and in the long term will cost more money to rectify.</i> • <i>The collections housed in BMAG will continue to be at risk from water ingress etc.</i> • <i>There will be further pressure on the R&M budget to carry out repairs.</i> • <i>Revenue funding will only have the capacity to address reactive repairs rather than a planned programme of works.</i> • <i>The Museums accreditation could be jeopardised due to the failing condition of the building.</i> • <i>A missed opportunity of carrying out additional works whilst the building is closed to the public and the collections have been removed/protected.</i>
People Consulted	<i>BMT, Historical England, BCC Conservation Planner, Managing Director City Operations, AD Neighbourhoods, AD Property, Cabinet Members Finance and Resources and Education, Skills and Culture.</i>
Recommendation	Abandon
Principal Reason for Decision	<i>There are no financial, programming or quality benefits to support this option.</i>

G2. OUTLINE RISKS AND ISSUES REGISTER			
<i>Risks should include Optimism Bias, and risks during the development to FBC</i>			
Risk or issue	Like- lihood	Sever- -ity	mitigation
1. Covid19	H	M	Government guidelines to be followed
2. Unforeseen works	M	M	Surveys to be carried out to identify unforeseen works. A contingency is built in to the cost plan to offset additional costs. A value engineering exercise will be carried out to review design, materials etc to identify cost savings and impact on programme.
3. Programme delays	L	H	Pre-construction programme developed, including for 4 and 5. To be updated regularly throughout the project and discussed with the

APPENDIX 2

			Project Team.
4. Listed building consent	L	M	Early consultation with the Conservation Planner has already commenced.
5. Damage to the collections	L	H	Phase 2 decant of the building has already commenced (Council House Complex Rewire/refurbishment project). Items too heavy to move have been boxed up to protect them other items have/will be removed from site.
6. Procurement Strategy	L	H	Currently assuming ISG will be engaged as Main Contractor, as currently on site and managing main project until Sept 2023. If this is not supported there will be major issues to cost and programme.
7. Brexit, market conditions, material shortages & inflation	M	H	Agree procurement strategy. Competitively tender all sub-contract packages. Monitor supply chain. Contingency included in cost plan.