

FULL BUSINESS CASE (FBC)			
A. GENERAL INFORMATION			
A1. General			
Project Title <i>(as per Voyager)</i>	Long Nuke Road, Bartley Green, development of 65 new homes for social rent and open market sale to include the delivery of replacement sports pitches in Senneleys Park and the construction of a new sports pavilion in Senneleys Park		
Oracle code	LV002L-029 – Long Nuke Road		
Portfolio /Committee	Housing	Directorate	Place, Prosperity & Sustainability
Approved by Project Sponsor		Approved by Finance Business Partner	
A2. Outline Business Case approval <i>(Date and approving body)</i>			
The scheme was identified in the Birmingham Municipal Housing Trust (BMHT) Delivery Plan 2019-2029 report to Cabinet on 14 May 2019. The Outline Business Case for the housing scheme contained within the report was for 65 homes (23 for social rent and 42 for outright sale.			
A3. Project Description			
<p>The Long Nuke Road development is to include the delivery of 65 new homes for social rent and open market sale funded by the HRA, the delivery of new sports pitches in Senneleys Park required under a planning condition funded by the HRA instead of providing a commuted sum to Leisure for the delivery of the pitches. The new sports pavilion to accompany the pitches is being funded directly by Leisure from a combination of S106 funds and a Community Infrastructure Levy grant.</p> <p>Conditions required by Sport England as planning conditions in the original planning approval for replacement pitches on the site, which was a former sports ground for education, is that the pitches are to be provided and be available for use in Senneleys Park funded by a commuted sum requirement from the HRA prior to any start on site for the housing development. Not required as a planning condition but required to serve the replacement pitches a new sports pavilion also has to be constructed prior to the pitches being available for use.</p> <p>The provision of the pavilion and sports pitches would have taken approximately two years to complete and be available for use, which would mean unacceptable cost increases for the housing development and a two year delay in delivering urgently needed homes in the Bartley Green area.</p> <p>To expedite the delivery of the homes and sports pitches. it has now been agreed with Sport England, that the pitches can be provided concurrently with the housing development and that the commuted sum required to be paid to Leisure for replacement pitches can be expended directly on the provision of the pitches by the HRA, an application has been made to vary the existing conditions attached to the existing planning approval reference No 2019/05652/PA</p> <p>A new sports pavilion to accompany the pitches is also required, for which planning approval has been granted and an unsuccessful tender process undertaken. To expedite the provision of the pavilion, sports pitches and the urgently needed homes, it has been agreed with Leisure that the funds they have available for the pavilion can be utilised to provide the pavilion under the same contract, subject to all relevant governance, and the construction of the pavilion to be undertaken as part of the overall construction contract.</p> <p>By including the homes delivery concurrently with the sports pitches and pavilion means that the homes and pitches can be provided with a start on site in early 2023 rather than in 2025 meaning that the homes which are urgently needed will be available two years earlier than if the original planning conditions and programme were adhered to.</p>			

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Combining the delivery of the pitches and pavilion within the overall construction contract delivers the entire project two years earlier than was previously anticipated, provides value for money for the HRA in reducing the considerable risk of cost increases due to industry cost rises and material price increases and therefore provides urgently need homes in a timely manner as well as providing the sporting facilities in Senneleys Park earlier than anticipated therefore providing a new sporting resource for the area as soon as possible.

A4. Scope

The Council will be undertaking the following;

- Construction of new housing
- Highway and Infrastructure: management of the provision of new infrastructure for the new development
- Delivery of new sports pitches in Senneleys Park
- Delivery of a new sports pavilion in Senneleys Park to facilitate the use of the new sports pitches

A5. Scope exclusions

- Discharge of planning conditions

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 project contributes to the Council Plan objectives / outcomes by:

- A Bold Prosperous Birmingham; the Council is committed to the development of enough high-quality new homes to meet the needs of a growing city, and the proposals within this report to accelerate housing growth in the City by providing new homes for rent and will help ease pressure on the housing register.
- A Bold Green Birmingham; the new homes will be built to a high standard of energy efficiency by using the latest technologies and use a range of measures to improve the environment and tackle air pollution by using cleaner technologies such as Fabric First and building energy efficient homes.
- A Bold Inclusive Birmingham; the new homes will be available to any applicant on housing register.
- A Bold Healthy Birmingham; the links between health and housing are well recognised. New thermally efficient, economical to run new homes which are designed to high standards of quality and internal space standards will be more affordable for residents and offer a higher quality of life leading to better health outcomes.
- A Bold Safe Birmingham; new homes will be developed which will provide a safe, warm, sustainable, and connected neighbourhood in which all communities can thrive.

B2. Project Deliverables

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

- 23 homes for social rent with associated parking and landscaping.
- 42 open market sale homes with associated parking and landscaping
- Site area 1.88 Hectares / 4.65 Acres brought back into use.
- 30 x 2bedroom 4 person houses.
- 31 x 3bedroom 5 person houses.
- 4 x 4bedroom 6/7 person houses.
- A new build sports pavilion in Senneleys Park
- New sports pitches in Senneleys Park

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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>
Construction of 65 new homes	Relieve some pressure on the temporary accommodation and housing waiting list and providing employment / training opportunities through the build contract.
Land brought back into use following clearance	Provision of affordable housing and improvement of HRA funding stream through rents generated
More homes built towards achieving housing growth targets	Tenants will enjoy high quality life through provision of new housing
New sports pitches in Senneleys Park	Provision of high-quality sports pitches for use by teams at various levels of competence
New sports pavilion with changing facilities	Provision of high-quality changing rooms and facilities for use by teams and officials using the sports pitches

For major projects and programmes over £20m:

N/A

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 management who will monitor expenditure and outturns monthly via site project meetings. Progress will be regularly reported to the BMHT Project Board as required.

The sports pitches will be constructed by the main contractor and overseen by Landscape Practice Group

The Pavilion will be constructed by the main contractor using the approved plans from Acivico Ltd.

B5. Stakeholders

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

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

The sports pitch delivery is reliant on the delivery of the new pavilion prior to the pitches being available for use.

The construction of the pavilion is being funded by a combination of S106 funds some of which expire in September 2023 unless work has begun

If the pitches cannot be delivered then the delivery of the 65 new homes would not be permitted under the planning conditions, meaning that 65 urgently needed new homes will not be built, the land known as Long Nuke Road development site would have to be returned to education and the appropriation sum repaid to the HRA with a detrimental impact on the funding available for Education, as well as having security and maintenance implications for the site once returned to Education.

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Delays in delivering either the pavilion or sports pitches would result in delivery costs for the 65 new homes rising sharply as industry costs for both materials and labour are increasing month on month.

Any increase in costs for the delivery of the new homes higher than those currently shown and allowed for in the Full Business Case would risk making the development financially non-viable for the HRA thus also failing to deliver urgently needed new homes.

C3. Other impacts of the preferred option

Describe other significant impacts, both positive and negative

By delivering the homes, pitches and pavilion concurrently as proposed and recommended as the preferred option, this represents financial value for money for both the HRA and for Leisure by combining all phases of the construction into one main contract therefore gaining economies of scale financially for material costs, labour costs and site management costs

The delivery of the 65 new homes provides a supply of urgently needed social rent and open market sale homes in the area which eases the demand for homes across Birmingham

The new sports pitches and pavilion will provide first class sporting facilities for use by local residents, for both informal teams and organised teams

By delivering the pavilion in conjunction with the homes and pitches also ensures that S106 funds raised from other developments are utilised by Birmingham City Council to provide much needed sports facilities for recreation and leisure use instead of being returned to the relevant parties.

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

N/A

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 procurement route for the construction of the scheme will be a further competition exercise using the Homes England Dynamic Purchasing System.

D3. Staffing and TUPE implications:

N/A

Appendix A –Full Business Case (FBC), Building Birmingham – Long Nuke Road
Development of Housing and Senneleys Park Pitches and Pavilion .

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Key Inputs			
Construction		Running Costs, etc.	
Total Development costs	£14.92m	Weekly rent	2 bed £107.69, 3 bed £125.68, 4 bed £149.33
Total Sales Income	£10.04m	Rent loss - voids / arrears	2.0%
		Annual rent increase	3.0%
RTB activity assumed	None	Management Costs	£1,028
Key Outputs		Repairs Costs	£981
Revenue Surplus after 30 years	£(0.13)m	Capital Works (5-yearly)	£5,357
Capital Receipts Surplus	£(0.61)m	Annual Cost Increase	2.5% (CPI 2.0%)

HRA Extract	2021/22	2022/23	2023/24	2024/25	2025/26	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	0.00	(0.06)	(0.14)	(6.59)
Voids and arrears	0.00	0.00	0.00	0.00	0.00	0.13
Repairs and Maintenance	0.00	0.00	0.00	0.01	0.02	0.93
Management Costs	0.00	0.00	0.00	0.01	0.02	0.97
Cash-backed Depreciation	0.00	0.00	0.00	0.02	0.03	0.98
HRA Deficit / (Surplus) Contribution	0.00	0.00	0.00	(0.02)	(0.07)	(3.58)
Revenue contributions from wider HRA (to fund capital investment shown below)	(0.11)	(0.03)	(3.30)	0.00	0.00	(3.45)
Net HRA Impact	0.11	0.03	3.30	(0.02)	(0.07)	(0.13)

Capital Account	2021/22	2022/23	2023/24	2024/25	2025/26	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	0.13	0.04	0.00	0.00	0.00	0.17
Build Costs (including Fees)	0.00	0.00	3.49	8.17	2.79	14.45
POS & Infrastructure Costs (including Commuted Sum)	0.00	0.00	0.30	0.00	0.00	0.30
Total Development Costs	0.13	0.04	3.79	8.17	2.79	14.92
Capital Investment / Renewals ¹	0.00	0.00	0.00	0.00	0.00	0.83

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Other Capital Financing (RTB 1-4-1 Receipts)	(0.02)	(0.01)	(0.49)	(1.14)	(0.39)	(2.04)
Revenue Contributions from wider HRA	(0.11)	(0.03)	(3.30)	0.00	0.00	(3.45)
Receipts/Grant	0.00	0.00	0.00	(7.13)	(2.91)	(10.04)
Cyclical Maintenance Reserve Release	0.00	0.00	0.00	0.00	0.00	(0.83)
Total Capital Income	(0.13)	(0.04)	(3.79)	(8.27)	(3.30)	(15.53)
Capital Account (Surplus) / Deficit	0.00	0.00	0.00	(0.10)	(0.51)	(0.61)

Balance Sheet Extract	2021/22	2022/23	2023/24	2024/25	2025/26	2051/52
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 30
	£m	£m	£m	£m	£m	£m
Land & Buildings	0.00	0.00	0.00	4.60	6.40	12.17
Cyclical Investment Reserve	0.00	0.00	0.00	0.02	0.04	0.14
Capital Reserve	0.00	0.00	0.00	(4.62)	(6.44)	(12.31)
Net	0.00	0.00	0.00	0.00	0.00	0.00

Properties	2021/22	2022/23	2023/24	2024/25	2025/26	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4	
HRA Social Rent Properties	0	0	0	17	6	23
Sale Properties	0	0	0	30	12	42
Total Properties	0	0	0	47	18	65

Formal approval to the ongoing capital investment / renewals programme (at a total value of £0.83 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.

NB – Funding for the sports pavilion is NOT currently included in this FBC and is shown below only. Clarification is being sought from finance as to where this funding should be shown but that cannot be clarified until after finance colleagues return from leave after 17th August. A revised final approved FBC will be circulated once this has been clarified.

Funding for the sports pavilion will be provided from Birmingham City Council capital resources, including a Community Infrastructure Levy grant of £209,000, £731,756 S106 funds from Ravenhurst Playing Fields Account under planning application 2016/00074/PA and £50,000 S106 funds from Lordswood Girls School, Junior Football Pitch Account, under Planning Application 2019/04109/PA A total of £990,756

A revenue budget is already in place for the maintenance of the park premises. It previously supported the operational costs of the now closed former changing pavilion. This will be sufficient to fund the maintenance of a new pavilion.

E2. Evaluation and comment on financial implications:
The funding for the development has been subject to a Full Business Case Analysis by the HRA finance department
E3. Approach to optimism bias and provision of contingency
Allowance has been made within the FBC for increases in material costs due to market pressures, allowance for removal of trees on the site to deliver the homes and an allowance for the construction of the new sports pitches
E4. Taxation
<i>Describe any tax implications and how they will be managed, including VAT</i>
<p>There is no VAT associated with the build costs for the new housing , however, there is a possibility that the sheds provided in rear gardens are subject to VAT and can be claimed by the developer. The construction of new dwellings is zero rated for VAT purposes. Zero rating extends to services in the course of construction of new dwellings but does not include professional and supeAvisory services, except where those services are provided as part of a single “design and build” contract for the construction of new dwellings. Furthermore, zero rating does not extend to items that are not ordinarily incorporated in new dwellings such as domestic appliances, e.g. cookers, fridges, washing machines etc., or garden buildings, e.g. sheds. As such, BCC/BMHT will incur VAT on the acquisition and installation of such items within HRA dwellings. It is likely, therefore, that the construction of the 4 new dwellings is zero rated but some VAT may be incurred on other services/items that are not ordinarily incorporated in new dwellings.</p> <p>The letting of HRA dwellings is a statutory function of BCC and thus non-business. As such, BCC can reclaim VAT incurred on its development, provision, and management of new HRA dwellings without any adverse VAT implications for BCC. However, the VAT treatment of such income and expenditure should be confirmed prior to commencement of the project.</p> <p>The construction of pitches and the changing pavilion at Sennelys park incurs VAT at 20% that the Council will be able to recover on payments to the contractor under the normal procedures</p>

F. PROJECT MANAGEMENT CASE	
<i>This considers how project delivery plans are robust and realistic</i>	
F1. Key Project Milestones	Planned Delivery Dates
<i>The summary Project Plan and milestones is attached at G1 below</i>	
Contract awarded	Jan 2023
Started on site	May 2023
Site completion	March 2026
12 months defects	March 2027
F2. Achievability	
<i>Describe how the project can be delivered given the organisational skills and capacity available</i>	
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 3600 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	

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of the new homes built in the City since 2011.

F3. Dependencies on other projects or activities

Funding for the sports pavilion is from Leisure, Birmingham City Council capital resources, to a total of £991,000 and is currently ring fenced for the pavilion delivery

F4. Officer support

Project Manager: Terry Webb

Project Accountant: Andrew Healey

Project Sponsor: Paul Kitson

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:

Paul Kitson – Strategic Director, Place, Prosperity & Sustainability

Andrew Healey – Finance Business Partner, Neighbourhoods

Kerry Scott – Interim Assistant Director, Housing Development

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

N/A		Risk after mitigation:	
Risk or issue	Mitigation	Severity	Likelihood
1. Funding Shortfall	FBC allows for inflation increases	Minimal	Minimal
2. Programme not met	Realistic timescale and management of contractor	Minimal	Minimal
3. Brexit	Continuous monitoring of all Brexit related issues	Minimal	Minimal
4. Weather	Programme allows for normal and abnormal weather delays	Minimal	Minimal
5. Poor response from the market to tender invitation	Tender will be via the Homes England Dynamic Purchasing System	Medium	High
6. Contractor prices not held for sufficient time to allow BBC Contract award process to be finalised	Clauses included in ITT to cover this point.	High	Minimal

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

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 each of the outcomes in B1 above</i>			<i>What the estimated impact of the project will be on the measure identified</i>
(a) Monetised benefits:	£		
(b) Other quantified benefits:			
(c) Non-quantified benefits:			

Other Attachments <i>provide as appropriate</i>	
• None	
•	
•	
•	