

# Birmingham City Council

## Report to Cabinet

26 July 2022



**Subject:** Kings Heath and Ladywood Community Centres – Replacement Boilers - Full Business Case and Contract Award

**Report of:** Rob James ,Strategic Director, City Operations

**Relevant Cabinet Member:** Councillor Ian Ward, Leader  
Councillor Yvonne Mosquito, Finance and Resources

**Relevant O&S Chair(s):** Councillor Mohammed Idrees, Housing & Neighbourhoods  
Councillor Akhlaq Ahmed, 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): Ladywood; Brandwood & Kings Heath		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 010361/2022		
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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential : Information relating to the financial or business affairs of any particular person (including the authority holding that information – Appendix 7		

### 1 Executive Summary

- 1.1 The purpose of this report is to seek approval to the use of Corporate Capital Contingency budget resources of £593,650 to replace the boiler systems that provide heating and hot water at Ladywood Health & Community Centre (HCC) and

Kings Heath Community Centre (CC), as set out in the Full Business Case attached at Appendix 1.

- 1.2 The report details the procurement process undertaken for the new boiler systems and the recommendations for the award of contracts to enable the works to commence.

## **2 Recommendations**

That Cabinet :

- 2.1 Approves the Full Business Case (FBC) in Appendix 1 for the replacement of the boiler systems at Ladywood H&CC and Kings Heath CC at a project cost of £593,650 including fees and contingency provisions.
- 2.2 Authorises the Director of Council Management to set aside a capital sum of up to £593,650 from the Corporate Capital Contingency budget to fund the replacement boiler systems at Ladywood H&CC and Kings Heath CC.
- 2.3 Approves the award of a contract for the delivery of the replacement boiler system at Ladywood Health & Community Centre to Dodd Group (Midlands) Ltd.
- 2.4 Approves the award of a contract for the delivery of the replacement boiler system at Kings Heath Community Centre to Dodd Group (Midlands) Ltd.
- 2.5 Authorises the Interim City Solicitor and Monitoring Officer to negotiate, execute and complete all necessary documents to give effect to the above recommendations.

## **3 Background**

- 3.1 Kings Heath Community Centre is a well-used facility located on Heathfield Road, just off Kings Heath High Street. Ladywood Health and Community Centre is a large multi-storey facility built with capital investment from the NHS and is subject to a long-term legal agreement regarding respective rights and responsibilities for the property. It is also well used by a range of groups and hosts a formal tenancy of a nursery.
- 3.2 The facilities are used as corporate resources and hosted Covid 19 Lateral Flow and PCR testing stations, surge testing teams and mobile vaccination units during the pandemic. The Centres are used on an on-going basis by the Council and its partners for a range of purposes including, for example, polling stations, postal vote counts, police training, youth activity days and so on.

- 3.3 At both sites the boilers supplying hot water and heating have failed completely and they have been assessed as obsolete and beyond repair. As an emergency interim measure, in order to keep the Centres operational, temporary boilers have been installed on a monthly hire agreement but these are proving costly to run.
- 3.4 The project is to undertake a replacement of the boiler systems with high energy efficiency models.
- 3.5 The project will :
- relieve an unfunded budget pressure associated with the hire of temporary boilers;
  - improve energy efficiency and reduce carbon emissions;
  - allow the Centres to remain open to enable the local community to continue to access the social and health benefits of regular community activities;
- 3.6 Due to the urgent need for the replacement boiler systems the project has moved straight to Full Business Case, supported by an Options Appraisal.

#### **4 Options considered and Recommended Proposal**

A full options appraisal has been appended to this report (Appendix 1 A).

##### **4.1 Option 1 – Replace the boiler systems at Kings Heath and Ladywood Community Centres (recommended)**

This is the only option that will allow the Centres to keep functioning in the longer term and is a more cost-effective solution than the on-going using of temporary boilers for which the service is paying hire of c£80,000 per year, in addition to fuel charges.

##### **4.2 Option 2 – Continue with temporary boilers**

Temporary boilers are being hired as a short-term emergency measure in order that the Centres can continue to open to the public. However, the hire charges amount to an estimated £80,000 per year which is creating a budget pressure for the service. The hire costs are being met on a temporary basis by deferring expenditure in other areas of service and therefore this solution cannot be sustained indefinitely. Therefore, this option was discounted.

##### **4.3 Option 3 – Repair the existing boiler systems**

Following inspection, Acivico Ltd have advised that the boiler systems are obsolete and are beyond economic repair and that, at best, repairs would offer only a short-term solution as other parts of the system could fail at any time. This option was therefore discounted.

## 5 Consultation

- 5.1 The Ladywood and Brandwood & Kings Heath Ward Councillors have been consulted and are fully supportive of the proposal.
- 5.2 The Full Business Case (FBC) was presented to Capital Board on 07.07.22 and the proposal was supported.

## 6 Risk Management

A risk register is included in the FBC (Appendix 1). The main risks identified are :

- 6.1 Additional costs during the construction period due to increased labour and/or materials costs  
**Mitigation:** This is a fixed price contract with a contingency built in for unforeseen circumstances. Costs will be managed by Acivico Ltd within the budget provision
- 6.2 Unforeseen additional works may arise during the installation of the boiler systems, creating an additional funding requirement.  
**Mitigation:** The overall cost of the projects includes a contingency to account for any unforeseen circumstances which may occur during the construction period.
- 6.3 Work not completed on time in accordance with the agreed programme  
**Mitigation:** The contractor will work to an agreed programme of scheduled activities that will be reviewed at each progress meeting. For each scheme, slippage of activities will be highlighted at an early stage and activities rescheduled/adjusted to mitigate any delays to meet the critical path milestones.

## 7 Compliance Issues:

- 7.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**  
The proposal supports the Birmingham City Council Plan 2018-2022 (as updated in 2019) by contributing to the Council's Key Priorities, specifically :
  - 7.1.1 **Priority 1 Birmingham is an entrepreneurial city to learn, work and invest in;**  
The Centres host after school and nursery provision which supports parents to access employment and training opportunities. Specific welfare, family, food and debt support are also on offer.
  - 7.1.2 **Priority 2 Birmingham is an aspirational city to grow up in;**  
The Centres also host sessions for pre-school children, older children and young people. These activities help develop younger children's social skills, enabling them to be more ready to start school; and the youth club and theatre group give

young people the chance to meet new friends and develop life skills which assists their personal development, supports their wellbeing, and enables them to take advantage of future learning and job opportunities.

**7.1.3 Priority 3 Birmingham is a fulfilling city to age well in;**

The Centres are local hubs for the community and residents of all ages but run activities specifically aimed at older people such as senior citizens' social clubs. These activities help break down social isolation, encourage residents to feel part of the community and enable them to remain physically active and mentally alert.

**7.1.4 Priority 4 Birmingham is a great clean and green city to live in;**

The Centres are part of the network of hubs across the City that serve a vital function in communities, giving people the opportunity to have fun, socialise, learn, exercise and access key support services. Community and voluntary groups do incredible work to bring people together and to support individuals in difficult circumstances. Post pandemic, this support has assumed an even greater significance and facilities such as Kings Heath CC and Ladywood H&CC are key to community recovery, providing food, welfare and debt support.

**7.1.5 Priority 6 Birmingham is a city that takes a leading role in tackling climate change;**

Replacing the boilers with more modern energy efficient models will make the buildings more energy efficient and reduce carbon emissions.

**7.1.6 The proposal also supports the Property Strategy 2018/19 – 2023/24 by putting forward a solution whereby the life of existing buildings can be extended.**

**7.1.7 Birmingham Business Charter for Social Responsibility (BBC4SR)**

The value of this contract is below the works threshold for the BBC4SR to apply. However, the Council's policy for the payment of the Real Living Wage will apply and also the recommended supplier will be encouraged to complete at least one project per contract advertised by a third sector organisation on [www.matchmyproject.org](http://www.matchmyproject.org).

**7.2 Legal Implications**

7.2.1 Under S.2 Local Government Act 2000 the Council is empowered to do anything which it considers is likely to further the social wellbeing of its area.

7.2.2 The works are made under the general powers of competence as set out under Section 1 of the Localism Act 2011, by which the Council has the power to enter into the arrangements set out in this report.

### **7.3 Financial Implications**

The report seeks approval to fund the replacement of boiler systems at Ladywood H&CC and Kings Heath CC through Corporate Capital Contingency resources of £593,650. This includes fees and contingency provision of £32,000 for each project. The annual cost of borrowing is £66,000 over 10 years. The current temporary solution is costing £80,000 per year and is not sustainable as it is being funded in the short term by deferring other works.

### **7.4 Procurement Implications (if required)**

The details of the procurement processes undertaken for both projects are set out in Appendices 5 and 6.

### **7.5 Human Resources Implications (if required)**

The project will be managed by existing Council staff.

### **7.6 Public Sector Equality Duty**

An initial equality impact assessment has been undertaken (EQUA930). The conclusion is that the maintenance of existing facilities would have no disproportionate adverse impact on individuals with protected characteristics.

## **8 Background Documents**

8.1 None

### **List of appendices accompanying this report:**

Appendix 1	Full Business Case
Appendix 1 A	Options Appraisal
Appendix 2	Consultation Matrix
Appendix 3	Environmental & Sustainability Assessment
Appendix 4	Equality Impact Assessment
Appendix 5	Ladywood H&CC Procurement Summary
Appendix 6	Kings Heath CC Procurement Summary
Appendix 7	Exempt