

FULL BUSINESS CASE (FBC)

A. GENERAL INFORMATION

A1. General

Project Title <i>(as per Voyager)</i>	BIRMINGHAM COUNCIL HOUSING INVESTMENT PROGRAMME 2020/22		
Voyager code			
Portfolio /Committee	Housing and Neighbourhoods	Directorate	Neighbourhoods
Approved by Project Sponsor		Approved by Finance Business Partner	

A2. Outline Business Case approval *(Date and approving body)*

The template is designed for capital projects primarily and we are providing a full business case for an annual capital works programme. This programme requires a full business case only.

A3. Project Description

The investment set out in this report represents the detailed proposals for improvements in the condition of Council housing in 2020/21 and 2021/22 as a part of the ongoing programme of capital investment as outlined in the Housing Revenue Account (HRA) Business Plan and Budget 2020+.

The annual programme for 2020/21 and 2021/22 forms a part of a continued programme of investment in council housing in Birmingham, which has been under way for many years and that is expected to continue for as long as the Council retains ownership of council housing. The HRA Business Plan sets out an overall financial plan for ongoing housing investment over a 30-year period, showing the continuation of this programme throughout that period, with the investment fully funded throughout the Business Plan period.

With 60,473 homes currently held within the HRA (as at September 2019), many of which are over 70 years old, it is inevitable that there is an extremely high demand for capital works to the properties, to such an extent that it would not be possible to address all needs in any single year, either from an affordability or a delivery perspective. For each annual investment programme, it is therefore important that the properties to benefit from investment are prioritised to ensure maximum benefit across the City.

The City's estates are prioritised according to investment need driven by expired lifecycle elements derived from detailed stock condition information held for each property. Investment is then directed to the appropriate areas within each District. Individual elements for renewal are identified from a combination of urgent need to ensure properties are at a lettable standard and overall investment need as identified from the stock condition data, taking account of any plans for regeneration of estates or other investment being undertaken.

Financial and non-financial delivery of the overall investment programme is reported to Capital Board as an integral part of the established reporting process.

As the annual programme is delivered, and resource availability changes (whether through

identification of additional funding opportunities or changes in levels of generation of capital receipts etc.), changes to the approved programme and associated outputs will be reported through the existing capital budget reporting structure.

As a part of this programme, it is anticipated that around 22,067 property elements will be improved during 2021 and 17,272 elements in 2022. The key elements to be improved include kitchens, bathrooms, central heating systems, doors, windows, roofs, fire suppression systems and fire risk management works as set out in the Benefits Quantification section below. Actual performance against these targets will be reported annually.

The installation of fire suppression systems (sprinklers) and fire risk management works are being taken to ensure the safety of tenants in the council's managed high rise accommodation are in line with the Council's vision of "Birmingham – a city of growth where every child, citizen, and place matters" and support the key priority of "Housing – a great place to live".

2018/2019 Programme Outputs

For the 2018/19 and 2019/20 programme, the following programmes show an indicative level of completion. Key outputs as compared to the approved Full Business Case for 2018/19 and 2019/20 are summarised in the following table.

	FBC Target Completions 18/19	Actual Completions 18/19	Financial Value (£'000)
Kitchens	733	609	7,497
Bathrooms	733	513	2,121
Central Heating/Boilers	1,325	2,092	5,747
Windows	841	444	5,780
Doors	1,151	1,014	459
Roofs	396	477	4,219
Fire Protection	1,581	1,079	5,618
Fire Suppression Systems (sprinklers)	2,725	933	2,803
Estate Makeover	100	477	959

	19/20 FBC Target Completions	Estimated Completions 31 March 2020	Cost (£'000)
Kitchens	829	924	2,772
Bathrooms	829	924	1,848
Central Heating/Boilers	1,513	1,406	4,922
Windows	829	1,824	3,287
Doors	1,146	830	914
Roofs	465	15	1,262
Fire Protection	829	3,111	14,000
Fire Suppression Systems (sprinklers))	4,408	5,161	16,197
Estate Makeover	100	0	322

A4. Scope

- Capital works to Council housing, including structural works, kitchen and bathroom renewals and modernisation of heating systems.
- Installation of fire suppression systems (sprinklers) and further enhanced fire risk management safety systems.
- Adaptations to Council housing to enable independent living.
- Statutory requirements for gas, electrical, legionella and fire safety works

A5. Scope exclusions

- Site Clearance & Acquisitions Activity
- New Build
- Revenue / Responsive Repairs
- Complementary works to non-HRA assets
- Procurement of contractors

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

- Improving the Council owned housing stock directly contributes to the strategic outcomes of the Sustainable Community Strategy, the Council Business Plan and Budget 2020+.
- Stock improvements will also impact upon the other strategic outcomes, most notably on the aspiration for healthier communities. The report is also consistent with the policy priorities for Housing as set out in the Housing Business Plan and Budget 2020+.
- The replacement of existing older heating systems with new condensing boilers, installation

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of external insulation, cavity wall and loft insulation will contribute to targets within the Council's Climate Change Strategy to reduce carbon dioxide emissions and fuel poverty.

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 investment set out in this report will ensure the continued replacement/improvement of expired elements ensuring a lettable standard with improvements focussed on those aspects most valued by our tenants and identified through our asset management software as being in need of renewal.

The housing improvement programme is delivered to improve/replace as individual elements reach the end of their useful lives, and is focused on ensuring that our stock is fit for purpose and maintains its asset value for future years with investment targeted to further reflect tenant aspirations as to which aspects of property improvements are most valued.

Key elements of properties to be renewed / improved are set out in the table below:

2020/21 Measures	Total	Financial Value (£'000)
Kitchens	180	1,080
Bathrooms	180	721
Central Heating/Boilers	1,434	5,020
Windows	593	5,340
Doors	5,833	7,000
Roofs	33	1,209
Fire Protection	3,111	14,000
Fire Suppression Systems	2,681	12,000

2021/22 Measures	Total	Financial Value (£'000)
Kitchens	600	3,600
Bathrooms	600	2,400
Central Heating/Boilers	1,428	5,000
Windows	1,667	3,000
Doors	5,833	7,000
Roofs	41	1,500
Fire Protection	1,667	7,500

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 (eg for economic and transportation benefits)</i>
Improved council housing, leading to warmer homes.	Improved council housing will have economic benefits by reducing customers fuel bills. A warmer home will be a healthier environment which should reduce the impact on customers' ill health and demands upon the NHS.
Improved council housing, leading to an	Social and economic benefits would result from

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increase in sustainable tenancies.	better community cohesion and a reduction in repeat demand in local services.
Improved council housing, leading to a reduction in carbon dioxide emissions.	Cleaner, healthier City.
Improved council housing, leading to increased asset value.	Tackles stigma associated with council housing. Higher levels of customer satisfaction.
Improved council housing, reducing responsive repairs	A financial benefit potentially reducing the price per property.
<p><i>For major projects and programmes over £20m:</i> A detailed Benefits Register is attached at G5 below.</p>	
<p>B4. Benefits Realisation Plan <i>Set out here how you will ensure the planned benefits will be delivered</i></p>	
<p>The Capital Investment programme is monitored through robust contract management procedures, including standard operations procedures, robust audit and monitoring provision. There is also daily, weekly and monthly contract supervision with on-site visits, contract management meetings and financial tracking analysing spend against profile.</p>	
<p>B5. Stakeholders A stakeholder analysis is set out at G4 below.</p>	
<p>C. ECONOMIC CASE AND OPTIONS APPRAISAL <i>This sets out the options that have been considered to determine the best value for money in achieving the Council's priorities</i></p>	
<p>C1. Summary of options reviewed at Outline Business Case <i>(including reasons for the preferred option which has been developed to FBC)</i> <i>If options have been further developed since the OBC, provide the updated Price quality matrix and recommended option with reasons.</i></p>	
<p>This has been previously achieved with the allocation of the Birmingham City Council Contract for the Provision of Responsive Repairs & Maintenance Services, Gas Servicing, Capital Improvement Work Programmes including Major Adaptations to Council Housing Stock in the North, South, West-Central and East areas repairs.</p> <p>The City's estates are prioritised according to investment need driven by expired lifecycle elements derived from detailed stock condition information held for each property. Investment is then directed to the appropriate areas within each District. Individual elements for renewal are identified from a combination of urgent need to ensure properties are at a lettable standard and overall investment need as identified from the stock condition data, taking account of any plans for regeneration of estates or other investment being undertaken.</p>	
<p>C2. Evaluation of key risks and issues <i>The full risks and issues register is included at the end of this FBC</i></p>	
<p>A risk analysis workshop was held with key stakeholders including BCC and the incumbent contractors. A risk register has been developed and is managed by the contract management team and the incumbent contractors and can be found in G2.</p>	
<p>C3. Other impacts of the preferred option <i>Describe other significant impacts, both positive and negative</i></p>	

Not applicable

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 commercial arrangements are encompassed within the Birmingham City Council Contract for the Provision of Responsive Repairs & Maintenance Services, Gas Servicing, Capital Improvement Work Programmes including Major Adaptations to Council Housing Stock in the North, South, West-Central and East areas repairs.

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).

This has been previously achieved with the allocation of the Birmingham City Council Contract for the Provision of Responsive Repairs & Maintenance Services, Gas Servicing, Capital Improvement Work Programmes including Major Adaptations to Council Housing Stock in the North, South, West-Central and East areas repairs.

D3. Staffing and TUPE implications:

Not applicable

E. FINANCIAL CASE*This sets out the cost and affordability of the project***E1. Financial implications and funding**

- The total capital funding for these schemes is contained within the HRA Business Plan Budget 2020+ and summarised in Appendix 1. The programme will be funded in line with the anticipated resources set out in the Council's Business Plan and Budget 2020+, subject to approval at the Council Meeting on 25th February 2020.
- This capital expenditure will ensure that the properties remain available for letting, hence protecting the net rental income to the Housing Revenue Accounts (HRA) in line with the Council's proposed Business Plan and Budget 2020+.

E2. Evaluation and comment on financial implications:

The investment programme includes £12.0m of planned expenditure relating to the retrofit of fire suppression systems (sprinklers) as a part of an overall 3year programme which will eventually cost circa £31.0m. It should be noted that this funding was achieved largely through prudential borrowing with no financial contribution from Central Government.

E3. Approach to optimism bias and provision of contingency

In the event that capital resource availability for these purposes is changed, the programme will be amended to reflect such changes through the existing quarterly review process with detailed approval to be sought through Head of Capital Repairs & Investment in conjunction with the Cabinet Member and Acting Assistant Director Housing, as appropriate.

E4. Taxation*Describe any tax implications and how they will be managed, including VAT*

Not applicable

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**

Not applicable as this is not a project it is a programme.

F2. Achievability*Describe how the project can be delivered given the organisational skills and capacity available*

The detailed proposals covered by this report represent the continuation of an ongoing investment programme to maintain the physical condition of Birmingham's Council Housing.

There is significant in-house expertise in managing and delivering a successful programme of this nature and size; although it should be noted that slippage/acceleration of certain elements of the programme can occur.

The existing contractors have successfully tendered to deliver programmes of this size and it is therefore considered to be reasonable to expect that the programme as set out in this report can be delivered within the existing framework.

There is a well-developed tenant engagement structure in place for delivering capital improvement programmes, as have been delivered for a number of years. It is anticipated that this will continue to be effective for 2020/21 through ongoing consultation.

F3. Dependencies on other projects or activities

- Capacity of repairs contractors to undertake work
- Planning permission – particularly for structural works
- Consultation with key stakeholders including tenants, leaseholders, Ward Members

F4. Officer support

Project Manager: Martin Tolley

Project Accountant: Ramesh Prashar

Project Sponsor: Julie Griffin

F5. Project Management

Describe how the project will be managed, including the responsible Project Board and who its members are

The Capital Investment programme is monitored through robust contract management procedures, including standard operations procedures, robust audit and monitoring provision. There is also daily, weekly and monthly contract supervision with on-site visits, contract management meetings and financial tracking analysing spend against profile.

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

Not applicable as this is not a project, it is a programme.

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

		Risk after mitigation:	
Risk or issue	Mitigation	Severity	Likelihood
Contractor Capacity	Early discussion with contractors about programme of works.	Critical	Possible
Planning Approval Delays	Early engagement with Planners. This only applies to structural works.	Critical	Unlikely
Delays Due to Site Conditions	Outdoor work is planned during summer periods to avoid snow, heavy rain and inclement weather	Critical	Possible
Costs of Programme Delivery exceed available Resources	Existing contracts include fixed prices for most elements of the planned investment programme. Programme performance will be monitored through the year and works accelerated or slipped to future years to fit resource availability.	Major	Likely
Programme of Works not Delivered Within Timescale	Monthly contractor performance meeting and financial reviews. Service Improvement notice and performance Related Payment processes within the contract.	Critical	Possible
No Access to Properties/Refusals of Work	Extensive consultation with tenants and robust procedures in place to deal with legal requirements (e.g. gas / electrical testing)	Major	Almost certain
Possible Disrepair Litigation	Specific programmes to prevent successful challenge (reducing court & legal costs to allow focus of investment on improvements to properties) – key elements include soil stacks, heating & windows replacement programmes.	Critical	Almost certain

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)

Not applicable

G4. STAKEHOLDER ANALYSIS

Stakeholder	Role and significance	How stakeholder relationships will be managed
MPs and local councillors	Local impact to ensure they are aware of programmes should they be approached by their constituents	Programme communicated throughout the financial year and monitored through key performance indicators. Annual summary provided.
City Housing Liaison Board (resident group)	To inform them about the programmes and obtain views	Programme communicated throughout the financial year and monitored through key performance indicators. Annual summary provided.

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)

- Increased asset value
- Effective management of council housing stock leading to a decrease in the level of disrepair and improved quality of living for the residents of Birmingham.
- Ensuring compliance with legislative requirements. We would ensure we are 100% gas compliant in year that all required legionella testing is carried out reducing the risk to our residents and our landlord function as well as ensuring compliance with our electrical testing and certification regime across all stock.
- Contributing to Birmingham Green Commission's carbon road map by installing A rated gas combi boilers improving the average EPC rating across the housing stock.
- Improving the stock's thermal performance thus reducing our customers energy bills contributing to the improvement in the fuel deprivation indices
- Waste recycling further supporting reduction in carbon footprints
- Supporting Homeless Reduction Act with the timely provision of void turnaround and the increase in provision of temporary accommodation to reduce our reliance upon bed and breakfast.
- Increased Fire Safety Management regime delivering against the key findings of the Dame Judith Hackitt report and key recommendations from MHCLG

Other Attachments

provide as appropriate

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