

FULL BUSINESS CASE (FBC)

A. GENERAL INFORMATION

A1. General

Project Title <i>(as per Voyager)</i>	WARD END PARK LAKESIDE RENEWAL PROJECT DOLPHIN CENTRE FBC AND REVISED TENDER STRATEGY		
Voyager code	CA-03234-03		
Portfolio /Committee	Street Scene and Parks	Directorate	City Operations
Approved by Project Sponsor	Rob James	Approved by Finance Business Partner	Carl Tomlinson

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

31st July 2018 Cabinet

A3. Project Description

The focus of the project is the extension and enhancement of the Dolphin Centre building in Ward End Park, including a Youth Hub, works which are vitally important in supporting the aims of Norton Hall in offering women of all ages and backgrounds access to education, learning, volunteering, employment and entrepreneurial opportunities in a welcoming and supportive environment.

External enhancements to the building fabric, improved energy efficiency measures, new meeting rooms, office space and internal lift and a ground floor waterfront café will provide an energy efficient exemplar building that provides a community resource centre that assists people from a deprived area. The work will re-connect the park with the local community encouraging safer access to and increased activity in the park.

A4. Scope

The scope of the works includes:

- Detailed design and costing for the building works
- Consultation with residents, local stakeholders, police, Ward members;
- Liaison with Planning Ecology, Drainage engineers, Parks and Tree Officers;
- Inviting tenders for and appointing building contractors
- Contract preparation;
- Construction operations and supervision

A5. Scope exclusions

The ERDF funding specifically excludes the fitting out of the café and the installation of the lift which will be delivered via the GBSLEP grant and BCC Capital match funding if approved.

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

- **Birmingham is an aspirational city to grow up in** - Through the enhancements to the Dolphin Centre and creation of additional learning space more women and young people will gain access the learning and skills that will increase their opportunities for employment and enterprise.
- **Birmingham is a great, clean and green city to live in**- Through the visible investment and physical improvement of the building increased numbers of residents will be encouraged to participate in recreational and physical activity in the surrounding parkland.
- Taking a whole building and whole place approach the employment of energy saving and low carbon technologies will help to deliver the ambitions set out in the Carbon Roadmap, where the City Council is committed to a 60% carbon reduction by 2027, which is reflected in the environment and sustainability policies and targets of the Birmingham Development Plan.

B2. Project Deliverables
These are the outputs from the project e.g. a new building with xm2 of internal space, am of new road, etc.

- Retrofitting and refurbishment of the Dolphin Centre increasing capacity to provide an attractive and accessible public building on the front of Ward End Park that will encourage visitors into the park.
- Decrease in greenhouse gas emissions through energy efficiency measures
- Decrease in primary energy consumption of the existing building.
- Provide and equip space within the building for a Youth Hub where a Job Centre Plus Youth Employability Coach will provide intensive support to young people from the local community (JCP have agreed to this subject to funding and technical checks)
- Install a lift to provide disabled access to the middle and lower floors of the building
- Create a café, which will provide opportunities for local unemployed women to gain work experience. The café will be run as a social enterprise which will help to generate additional income that can be re-invested to improve the long-term sustainability of the Dolphin Centre.
- Install upgraded digital connectivity including secure closed Wi-Fi for the Youth Employability Coach (DWP requirement) and a free public hotspot for the use of the community

B3. Project Benefits
These are the social benefits and outcomes from the project, e.g. 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>
Outcome 1: Facilities for a Youth Hub incorporating provision for an on-site Youth Employability Coach.	1 no. Youth Hub: The significantly improved training and skills provision with the potential to offer start-up support in Ward End, serving the wider East Birmingham area. With improved inclusivity, will have a beneficial impact on worklessness, with associated wider benefits which will contribute towards economic recovery and regeneration.

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Outcome 2: Measures: engagement with Dolphin Centre including individuals involved with Social Enterprise Café and Park Activities	Strengthened local community asset and partnerships supporting positive engagement with young people to enable and guide future delivery. 400 individuals annually
Outcome 3: Building space enhanced for green energy production and energy efficiency	Area of building extended and retrofitted 537m2. Reduction in CO2 emissions per annum

B4. Benefits Realisation Plan

Set out here how you will ensure the planned benefits will be delivered

The opportunities for new businesses and training pathways towards a range of NHS jobs will be delivered through the services provided by Norton Hall Children's and Families Centre and Job Centre Plus who will operate from the Dolphin Centre once complete. They will work closely with the Employment and Access Team and Anchor Partners

Anchor partner employment – currently there are 7 Birmingham Anchor Partners, including University Hospital Birmingham NHS Trust which is running a local recruitment campaign 'I CAN' in East Birmingham. The Dolphin Centre team are part of a network of local community providers involved, and this relationship will support referrals of young people into this training pathway towards a range of NHS jobs. This is a current example of growing work across the city to support local people to access local anchor partner jobs which can be direct or with contracted suppliers (including in construction)

The enhancements to the building will be delivered by experienced professionals and contractors through City Council procurement methodologies.

The energy efficiency outputs have been calculated with reference to the ERDF application guidance, advice from M&E Design Consultants and the measurements taken from the proposal drawings. The M&E Engineer has benchmarked the heating against CIBSE TM46 Energy Benchmarks and allowed a 0.5% digression in efficiency per annum.

B5. Stakeholders

A stakeholder analysis is set out at G4 below. A summary of consultation responses is in the covering Executive report.

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.

Option 1 - Preferred - Submit GBSLEP funding application for the Phase 2 refurbishment of the Dolphin Centre and invite tenders from suitable building contractors for the delivery of the full project in a single procurement process:

This is the only realistic way to assemble the necessary resources to fund the full proposals as both ERDF and GBSLEP grants are significant funding sources. There is currently a great opportunity to secure funding for this type of project from these major providers to coincide with the arrival of HS2 in East Birmingham.

Option 2 - Scale down the ambition of the project and bid to alternative funders with less onerous conditions: This would be a great missed opportunity to deliver something that reflects the scale of the impact HS2 will have in the area. The City would lose the potentially significant inward investment from external resources that are much needed. Norton Hall would not be able to sufficiently expand their services which support much of the City's priorities and the new Youth Hub would not be achieved in this deprived area of

Birmingham.

Option 3 – Do nothing:

This would be a great missed opportunity to deliver something that reflects the scale of the impact HS2 will have in the area. The City would lose all the potential inward investment from external resources that are much needed. Norton Hall would not be able to expand their services which support much of the City's priorities.

C2. Evaluation of key risks and issues

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

A summary of the key risks and issues is recorded at paragraph G2 of this FBC

C3. Other impacts of the preferred option

Describe other significant impacts, both positive and negative

- *The advantages of this option are that the themes underpinning the Call for Proposals from the GBSLEP Sustainable Urban Development Programme and the offer from the GBSLEP Capital Programme, related to the Strategic Economic Plan, align with the aspirations of both the City Council and Norton Hall in terms of meeting environmental and energy efficiency objectives and improvement of Education, Skills and Business opportunities.*
- *The location of the site fits well with the major development of the HS2 Depot and the project proposals meet the HS2 Environment and Landscape Board's Strategic Scheme Priorities Scoring Assessment.*
- *The proposals address the areas of deprivation in the ward through the provision of a building fit for purpose to provide community services for local women and youth to expand their knowledge and business skills in a welcoming environment and will help equip local women to take advantage of the opportunities that will become available through the HS2 Depot and Business Park developments opposite the site off Drews Lane.*
- *There is an urgency to assemble the match funding and align the delivery programme for both funders given the limited time available for the delivery of the GBSLEP Capital programme. This however can be achieved having already developed the project to RIBA Stage 3 within resources made available from the current ERDF programme and procured the consultants to design and project manage the scheme.*

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 City Council will be the Accountable Body for the grant and will sign the Funding Agreement with the Managing Authority and hold ultimate accountability and responsibility for the project delivery and outcomes. The Head of Landscape and Development will oversee the project management and will be responsible for ensuring that the Accountable Body role is satisfactorily discharged.

The added value to the City for undertaking this role is that it will have overall control of the inputs and will be able to ensure that all the delivery partners will meet the requirements of the funding body. The City, as principle landowner and strategic partner can therefore direct the project to meet the outcomes that will best align with the City's Corporate policies, plans and objectives.

There are risks with assuming this role as there will be potential for clawback following an ERDF audit. To mitigate against this our delivery partner, Norton Hall have signed a service level agreement to ensure compliance with the ERDF requirements for procurement.

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).

1. Dolphin Centre Building and M&E Services Works

The scope and specification are as follows: Retrofitting existing former Sea Cadets Building with energy efficient enhancements to fabric, additional floor space, a café and internal lift, energy efficient mechanical installations including an air-source heat pump, photovoltaic panels and other associated works.

This is a works contract which is below the OJEU threshold and therefore the tender will be advertised via www.finditinbirmingham.com Find a Tender and Contracts Finder only.

2. Engagement of external professional services consultants

The engagement of professional services for the whole building design for phases 1 and 2 has been completed and the Phase 1 consultancy is currently being delivered. This followed an open tender route in line with the City Procurement Governance Arrangements.

D3. Staffing and TUPE implications:

The Landscape Practice Group will provide the staff for the Client role and the co-ordination of the grant draw down with support from Strategic Planning. There are no TUPE implications.

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Financial Year:		2021/22	2022/23	2023/24	later	Total
		£000	£000	£000	£000	£000
Revenue code:	TA-02405-01					
REVENUE CONSEQUENCES						
Revenue costs during project delivery:						
Procurement charges		5.0	5.0	0.0	0.0	10.0
					0.0	0.0
Surveys - Asbestos,GI , Drainage		4.4	0.0	0.0		4.4
			0.0			0.0
Operating period expenditure:	N/A					
Less income:		N/A				
Less proposed savings		N/A				
Net revenue consequences		9.4	5.0	0.0	0.0	14.4
REVENUE FUNDING:						
Other revenue resources identified:						
						0.0
Birmingham City Council CIL		9.1	5.0	0.0	0.0	14.1
East Birmingham Programme		0.3	0.0	0.0	0.0	0.3
Total revenue funding		9.4	5.0	0.0	0.0	14.4

E2. Evaluation and comment on financial implications:

The costs included in this report for building works have been estimated through external consultants. All costs are subject to a contingency to allow for inflation and transport, material and labour price increases prior to tender invitation.

Resources for the wider Ward End Park Lakeside Renewal Project were approved by Cabinet in the sum of £2.488 million. This included CIL resources in the sum of £668,900 for capital and revenue elements. The revised scheme omits the contribution from HS2 Ltd through in-kind works in the sum of £331K which would have levered in £165.5K of ERDF match. However, the project secured £150K from HS2 Community and Environment Fund and £48,000 from National Lottery Community Fund and so the request for a further CIL funding allocation has been mitigated. The new CIL contribution has therefore been matched to the current allocation including the underwritten sums with an adjusted capital revenue split. Capital £549K and Revenue £119.9K.

The East Birmingham Programme Budget for the capital building works will be £130K with a small revenue contribution of £3K

The revenue consequences for the future running costs and repairs and maintenance will be covered by Norton Hall Children and Family Centre through the future Community Asset Transfer lease of the building.

E3. Approach to optimism bias and provision of contingency

The estimate of costs has been reviewed and the project team have been cautious in building in general contingencies of 7.5% and an allowance for a tender price adjustment. The potential for tender returns to be above budget has therefore been mitigated but should this still be the case there is room within the proposals for value engineering without compromising the project outcomes significantly.

E4. Taxation

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

The Corporate Finance taxation advisors have been consulted and their advice has been taken into account in the development of these proposals. Norton Hall will not be required to make payments to the City Council for the lease other than a valuing worth exercise under the Community Asset Transfer (CAT) lease and therefore there are no adverse VAT issues for the City Council.

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

Planned start date for delivery of the project	Commenced
Completion of detail design development	25th February 2022
Tender Invitations	1st April 2022
Building contract award	27th May 2022
Practical completion	10th March 2023
Final completion	30th June 2023
Date of Post Implementation Review	6th March 2024

F2. Achievability

Describe how the project can be delivered given the organisational skills and capacity available

- Fully achievable through an experienced project team of officers, professional consultants and an approved procurement route supported by Corporate Procurement Services

F3. Dependencies on other projects or activities

Following the redesign of the building a Project Change Request will be submitted to DLUHC, the ERDF Managing Authority for approval.

Planning consent for the refurbishment of the Dolphin Centre was granted on 7th February 2022 and some conditions attached to this consent may need to be cleared prior to commencement of the works.

Final costs will need to be confirmed with the successful tenderers prior to commencement of works contract and checked against the available budgets.

F4. Officer support

Project Manager: Robert Churn, Head of Landscape and Development. The Landscape Practice Group. Email: Robert.churn@birmingham.gov.uk

Project Accountant: Maqsood Ahmed, Interim Business Analyst, Maqsood.ahmed@birmingham.gov.uk

Project Sponsor: Darren Share, Assistant Director, Street Scene darren.share@birmingham.gov.uk

F5. Project Management

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

The project will be overseen by the East Birmingham Programme Manager in Inclusive Growth and managed by the Landscape Practice Group with support from Norton Hall's

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professional consultants on the building design aspects of the project. A project board has been established with the Head of Landscape and Development as chair and senior officers from Birmingham City Council including, Parks, Finance and Property and the Chief Executive from Norton Hall Children's and Family Centre (See G1 below). The project manager will hold monthly progress meetings with the contractor and client officers on site and there will be progress reports from the contractor, project architect and relevant consultants.

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

The Project Board consisting of Senior Managers and design team members as listed below:

- Assistant Director Street Scene
- Head of Landscape and Development
- Operational Property Manager
- Chief Executive, Norton Hall and Family Centre
- Business Partner, City Finance
- District Parks Manager
- Design Team Members

The project will follow the standard RIBA Stages for project delivery from Stage 3 to 7.

Key milestones are shown below: -

Cabinet Approval (Strategy)	22 March 2022
ITT Issued	01 April 2022
ITT Return	29 April 2022
Evaluation Period	May 2022
DPR Approval (Award)	26 May 2022
Contract Award	02 June 2021
Contract Start	16 June 2022
Contract Completion	10 March 2023

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 or issue	Mitigation	Risk after mitigation:	
		Severity	Likelihood
1. Elements of project do not meet ESIF eligibility criteria	Officers working closely with the Managing Authority in relation to the Project Change request. Continuous review of project development proposals	Low	Low
2. State Aid non-compliance	Project benefits established as de minimis	Low	Low
3. Third party grant funding is not approved	Officers are working to secure match funding from GBSLEP Capital programme. EOI was approved and BCC have submitted the FBC Application	Low	Low
4. Third party match funding not delivered in timescales	Working with GBSLEP on Capital Grant	Medium	Medium
5. Optimism Bias	The project team have been cautious in building in general contingencies and allowance for a tender price adjustment.	Medium	Low
6. Norton Hall fails to agree to the Community Asset Transfer lease for the Dolphin Centre	Norton Hall is a well- established social enterprise that has worked alongside the City for many years and are the current tenant. They have co-operated with the CAT process and so the City can be confident that the lease will be completed.	Low	Low
7. Further Covid restrictions imposed due to new variant	Potential Contractors required to include supply chain risks in their tender proposals	Medium	Low
8. Third party match funding outputs not achieved	Design Team Meetings review risk register and updates maintained throughout works contract. Logic model and summative assessment reviewed by external evaluator.	Medium	Low

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)

The capital expenditure on the Project is estimated at £1.466 million and the main components include: The Dolphin Centre construction work to extend the building and fitting out with energy saving and low carbon technologies

Elements of the project are classed as revenue activity and these are estimated at £14,400. This covers Corporate Procurement Services charges, asbestos, drainage and Ground Investigation surveys

The ERDF Grant is subject to the completion of a Project Change request with DLUHC, the Managing Authority and equates to 50% of the project costs. The total contribution from ERDF will be £1.089million for the wider Ward End Park Lakeside Renewal Project Landscape and Building Contracts. The contribution to the building project Phase 1 approved purposes equates to £510.6K.

The drawdown of this grant will necessitate regular progress reports and the completion of quarterly claims, backed up by evidence of eligible expenditure defrayal.

External Match Funding is being sourced from various funders including National Lottery Heritage Fund - £48K, HS2 Community and Environment Fund - £75K and GBSLEP Capital Programme - £315K.

Internal match funding is through East Birmingham Programme - £130K and the balance of £387.6K for the Dolphin Centre building project will be funded from the current wider Ward End Park Lakeside Renewal Project CIL budget of £668.9K. Total building project capital funding is £1.466 million.

G4. STAKEHOLDER ANALYSIS		
Stakeholder	Role and significance	How stakeholder relationships will be managed
Ward Councillors	Consultation with community in form of the Stakeholder advisory group and support for project	Provide information and keep informed
Cabinet Members/ Directors	Due consideration of the project proposals and approval to commit the resources and accept grant monies	Provide information and keep informed
Local Stakeholder Groups & residents	Contribution to the design during consultation. Understanding during construction works. Post completion community engagement with site activities	Careful design and prompt reaction to concerns or site issues. Manage expectations through communicating purposes of the grant funding Prompt reaction to concerns or site issues. Regular update reports to relevant stakeholder forums.
Project officer team including Partner Organisations	Design to meet the requirements. Expertise in delivery. Project management. Long term management Service level agreements in place	Co-ordinate design team and contractor. Establish Project Board
Site managers and operatives	Engagement with the design process and due consideration of the project proposals in relation to management of the site. Choosing internal fittings and agreeing with Architect layout of the useable space	Provide information and keep informed
Contractors	Works to be completed to the client brief and delivered on time and within budget.	Tender process designed for selection of appropriately qualified contractors Specialist contractors will be closely monitored and obligated contractually
Funding agents	Clear advice on eligibility of expenditure. Approval of funding agreements and PCRs Prompt assessment of milestone reports and fund drawdown requests	Officers working closely with the Managing Authority at project delivery stage to verify Eligibility and approve PCRs Prompt response to funding account manager queries and requests for information