

FULL BUSINESS CASE (FBC)

A. GENERAL INFORMATION

A1. General

Project Title (as per Voyager)	Council House Complex Electrical Upgrade and Refurbishment Works	Portfolio / Committee	Inclusive Growth
Directorate	Inclusive Growth	Project Code (as per Voyager)	TBC
Approved by Project Sponsor	Ian MacLeod	Approved by Finance Business Partner	Simon Ansell / Mohammed Sajid (06/05/2021)

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

The Outline Business Case was agreed in Cabinet in October 2020.

A3. Project Description

In December 2018 Cabinet took the decision to pause a comprehensive refurbishment of the Council House complex until after 2022 and instigated a testing and monitoring regime with a budget of £2.000m from Policy Contingency set aside to cover any essential works.

An interim electrical test was carried out in January 2019. This re-tested the areas that had been highlighted as the highest risk for deterioration within a full electrical test carried out in 2016. At this point any circuits falling below the required insulation values were repaired or locally re-wired as a temporary measure. Continued monitoring has been undertaken by Acivico and their contractors to advise on the ongoing condition of the system. From ongoing monitoring of the electrical systems, it has become clear that the installation is at the point where it is not possible to continue maintaining it whilst keeping the associated risks within reasonable parameters.

In October 2020 Cabinet approved the Outline Business Case (OBC) to develop to RIBA Stage 4 a programme of refurbishment works. This programme of works represents essential futureproofing works for the Council House complex and are necessary to ensure the continued safety for all those who work or visit these historic buildings, together with the valuable and important artefacts stored and displayed within them. As well as being Birmingham's centre of democracy, the complex also serves as a venue for many civic and private events and represents an important part of Birmingham's heritage and cultural offer.

In addition, the opportunity will be taken to refurbish areas such as the Banqueting Suite, used to host a range of civic and private functions (the latter of which generate income for the Council). These areas will be used during the Commonwealth Games in 2022.

A4. Scope

The work to be undertaken includes

- New incoming electrical supply to rationalise the current multiple incoming services. Multiple supplies serving the same building are no longer permitted.

- New substations within the Council House and Council House Extension.
- New mains distribution for the Council House and Council House Extension.
- New submain distribution cabling.
- New local power and lighting distribution boards.
- New local circuit wiring.
- New light fitting installation throughout (except in key heritage areas where the current luminaires will be refurbished with LED fittings and retained).
- New lighting controls throughout all areas to ensure energy efficiency and savings.
- New power outlets and terminals accessories where required which will be generally replaced on a like for like basis in terms of quantities unless there is obvious under provision.
- New fire alarm system throughout all areas to provide L1 coverage, gallery areas where there is already aspirated detection will be retained and interfaced with the new installation.
- Installation of new intruder alarm and access control
- New external lighting to courtyard

The decorative work programme includes redecoration, re-carpeting, refurbishment of identified toilet areas, re-upholstering damaged seating, cleaning and repairing existing drapes and blinds, cleaning the protruding stonework on three elevations to the external Council House and repairing the failing plaster and roof covering to the ceiling/roof to the Portico over the main entrance. The remainder of the elevations will be reviewed during the course of the programme to determine if further cleaning works are required; if necessary a further work package will be procured.

A5. Scope exclusions

The decorative element is limited to the areas of public interaction on the ground and first floors of the Council House.

The closure of BMAG as a result of the programme will be used as an opportunity to bid for additional funding available from DCMS to undertake further works outside of the scope of this project, including works to the heating and rainwater goods.

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 (updated 2019), specifically supporting the 5 key strategic outcomes of Birmingham:

- as an entrepreneurial city to, learn, work and invest in;
- as an aspirational city to grow up in;
- a fulfilling city to age well in; as a great city to live in and residents gaining the maximum benefit from hosting the Commonwealth Games.

The proposed new fittings will be far more energy efficient than the existing provision and reduce carbon omissions.

It also supports the Property Strategy 2018/19 – 2023/24 by proposing works to improve and protect a Grade II* listed asset supporting the provision of an operationally efficient and fit for purpose property portfolio.

Birmingham Business Charter for Social Responsibility (BBC4SR) – ISG is a certified signatory to the BBC4SR and has submitted an action plan that will be actioned and monitored during the contract period. A summary of the commitments include:

- Support to the local community, in particular to the Ladywood Ward, in which the Council House is situated, and Bordesley and Highgate Ward.
- Action plans for addressing green and sustainability issues within the selected solution.
- Agreement to employ 6 local people to work on project during the construction phase for a period of over one year and 5 people from long term unemployment and has committed to providing various apprenticeships to support young people
- Use of local sub-contractors and honouring buy local commitments.
- Provision of 144 hour of staff hours to work within the community, this will include engaging with schools to off face-to-face and virtual work experience placements.
- Proactive support of a green and sustainable environment, including committing to 21 tons of Carbon Dioxide reduction.

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 refurbishment of the electrical supply, distribution and fittings to the Council House complex to make the accommodation Health & Safety compliant and comply with the latest electricity regulations, safeguarding staff, visitors and the museum and art collection.

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>
Safety – comply with legislation	Avoidance of potentially catastrophic loss of life, buildings and collections
Ongoing disruption to operations is reduced/eliminated	Less time lost due to electrical faults and building closures
Deliver revenue savings – reduced maintenance and energy consumption	Avoids on-going testing costs; reduces future maintenance bill; lowers future electricity bills
Generate income	Enables commercial hires to continue
Cost effectiveness	Compares favourably with industry cost benchmarks

For major projects and programmes over £20m:

See Section G5

B4. Benefits Realisation Plan

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

The Project Group will oversee the key actions and timeline in this proposal. Costs will be managed on an ongoing basis with strict control to keep within any approved budget whilst time management will be a critical factor in ensuring the reopening of both BMAG and the Council House to citizens, officers and members alike.

B5. Stakeholders

A stakeholder analysis is set out at G4 below.

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.

A range of options were considered in the OBC with the selected option to proceed with the replacement of the electrical installations and associated works. At FBC stage the options are

Option 1 – Don't Proceed

This is not a feasible option as the existing electrical infrastructure is outdated, unreliable and a health and safety issue. Further failings could lead to the closure of the Council House Complex.

Option 2 – Proceed (with limited decorative works)

Whilst this addresses the health and safety risk of the current electrical infrastructure it doesn't take advantage of the full opportunity to undertake much needed decorative works to the civic space within the Council House during the closure

Option 3 - Proceed (with proposed decorative works)

This is the preferred option. This provides a fit for purpose, affordable solution and addresses the health and safety risk of the current electrical infrastructure whilst providing the opportunity to undertake a programme of much needed decorative works to the civic space within the Council House during the closure.

C2. Evaluation of key risks and issues

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

A full Risks and Issues Register is attached at the end of this FBC.

C3. Other impacts of the preferred option

Describe other significant impacts, both positive and negative

- Provides opportunity to reduce the carbon footprint of the Council by improving energy and thermal efficiency in the building
- Contributes to successful hosting of future events
- Helps protect the asset value in the event of future disposals

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

Although not a formal partnership arrangement the Council has been working collaboratively with BMT as a key stakeholder, to deliver the project. The relationship is that of Landlord and Tenant with BMT occupying their demised areas under a 25 year lease as part of the overall management agreement between the City Council and Birmingham Museum Trust for management of the collection and historic premises.

The lease contains standard clauses that entitle the Council as Landlord to undertake essential works but given the nature of the relationship, potential for disruption and sensitivity in terms of the museum collections BMT has been an active participant in the project with representation at the Project Board.

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).

A further competition exercise was undertaken using Acivico Ltd's Constructing West Midlands 2 Framework Agreement. Further details of the recommendations are detailed in the Cabinet report.

D3. Staffing and TUPE implications:

The project will involve the relocation of BCC staff based within the Complex. There are no TUPE implications.

E. FINANCIAL CASE

This sets out the cost and affordability of the project

E1. Financial implications and funding						
	2020/21 £m	2021/22 £m	2022/23 £m	2023/34 £m	Later Years £m	Total £m
Capital Expenditure:						
Development costs already incurred	0.496	0.000	0.000	0.000	0.000	0.496
Electrical refurbishment	0.000	10.078	11.134	2.614	0.000	23.826
Council House redecoration (capital)	0.000	0.915	0.000	0.000	0.000	0.915
Decant, storage and associated costs (including compensation to BMT)	0.061	2.239	1.678	1.604	0.000	5.582
Total capital expenditure	0.557	13.232	12.812	4.218	0.000	30.819
Capital Funding:						
Prudential Borrowing	0.000	12.428	12.812	4.218	0.000	29.458
Policy Contingency	0.557	0.804	0.000	0.000	0.000	1.361
Total capital funding	0.557	13.232	12.812	4.218	0.000	30.819
Revenue Expenditure:						
Project development costs	0.078	0.000	0.000	0.000	0.000	
Council House redecoration	0.000	2.074	0.000	0.000	0.000	
Prudential Borrowing costs	0.000	0.138	0.821	0.971	1.139	
Building running cost savings	0.000	(0.200)	(0.200)	0.000	0.000	
Energy efficiency savings	0.000	0.000	(0.040)	(0.081)	(0.081)	
Total revenue expenditure	0.078	2.012	0.581	0.890	1.058	
Revenue Funding:						
Policy Contingency	0.078	0.000	0.000	0.000	0.000	
Corporate Resources	0.000	0.138	0.821	0.971	1.139	
Revenue Reserve (1)	0.000	1.874	(0.240)	(0.081)	(0.081)	
Total revenue funding	0.078	2.012	0.581	0.890	1.058	

Notes:

- (1) The met revenue reserve requirement is £1.553m (gross cost of £2.074m netted down by £0.521m efficiency savings – figure in 2021/22 is net of £0.200m efficiency saving).

E2. Evaluation and comment on financial implications:

Capital

The total capital cost of the programme of electrical works is £29.904m (to include a contingency element based on the specification set out above) together with capitalizable fixtures and fittings of £0.915m within the redecoration programme, to be funded through Prudential Borrowing (£29.458m) and policy contingency (£1.361m).

The works to upgrade the electrical supply, distribution and fittings as set out have been tendered at £24.322m, including Acivico fees and a suitable level of contingency based on identified areas of risk.

In order to carry out the works it is necessary to vacate both the office accommodation and BMAG museum display and storage areas, and to remove artefacts out of the Complex and store them in an appropriate environment. Heads of Terms for a short-term lease of a warehouse unit are close to agreement. Allied to this there are extensive costs in cataloguing, packing, moving and then reinstalling the collection as well as costs of similar activity in relation to the City Council items, together with the hire of alternative meeting accommodation. These result in a cost totalling £4.322m for this area of activity.

BMT have identified financial concerns arising from the loss of trading due to the proposed re-wiring works which forms part of a wider discussion about the impact of Covid-19 and re-opening of BMAG. This element (£1.260m) has been included within the capital project costs in line with compensation provisions in the BMT service contract for the suspension of activity required to obtain vacant possession of BMAG to undertake the necessary works and will be subject to further discussion and due diligence when the actual impact on BMT's trading position is quantified

The OBC approved expenditure of £0.675m to develop the project to FBC. In addition, a further £0.499m of accelerated works (e.g. asbestos removal, further surveys) are being undertaken in April and May 2021, approved via a Cabinet Member decision dated 19th April 2021. Expenditure to the end of April 2021 of £0.187m has also been incurred in respect of the preparation of the collection for decant. The total expenditure of £1.361m will be funded from the Policy Contingency allocation of £2.000m approved in the December 2018 Cabinet report "Council House Complex Works Phase 3a".

Revenue

The revenue implications associated with prudentially borrowing for the corporate capital funding of £29.458m are estimated at a cost of £1.139m a year (full year effect) and will be funded corporately.

Revenue costs associated with refurbishment of those areas intended to host special events and functions such as the Banqueting Suite, Committee Rooms etc together with the cleaning of elements of the external elevations have been identified and costed at £2.152m. Development costs of £0.078m have already been funded through Policy Contingency, leaving a balance of £2.074m funded from revenue savings of £0.521m associated with the closure of the Complex during the duration of the works programme and the remaining £1.553m funded provisionally from an earmarked reserve to be created from the 2020/21 outturn, subject to final consideration of the Provisional Outturn report in June. Where possible additional savings from the existing CAB estate will be sought to reduce this requirement.

The completed scheme is expected to yield revenue savings in the region of £0.081m per annum from the installation of more energy efficient fittings and a reduction in repairs to the electrical systems and future testing

E3. Approach to optimism bias and provision of contingency

The proposal has been subject to challenge from Property Services, Cultural Services and Finance to ensure optimism bias is not a factor.

A contingency sum of £1.700m has been allowed in respect to the physical works based on an analysis of risk whilst there will be ongoing value engineering throughout the project. A 10% contingency has been incorporated into the decant costings.

E4. Taxation

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

The health and safety electrical upgrade of the Council House complex will be subject to VAT. BCC can reclaim VAT on these works. Any VAT exempt use of the Council House complex, e.g. lettings, will need to be factored into BCC's annual partial exemption calculations as any VAT on BCC's costs associated with that use will count against BCC's 5% partial exemption de minimis limit. Based upon the current expenditure forecast for the upgrade, this VAT is not expected to threaten BCC's 5% limit. However, this will be reviewed by BCC's VAT Team within the ongoing monitoring of BCC's partial exemption position. Any necessary protective action that may be required will be discussed accordingly.

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

Outline Business Case approval	October 2020
Contract awarded using CWM2 framework under a Stage 1 pre-construction services agreement	April 2021
Contractor's proposals and contract price finalised and agreed	April 2021
Listed Building consent	May 2021
Full Business Case approval	May 2021
Commence Phase 1 works (Council House building)	June 2021
Complete Phase 1a works (Civic spaces & BMAG '1885')	March 2022
Complete Phase 1b works (Remainder Council House building)	June 2022
Commence Phase 2 works (Council House Extension)	June 2022
Complete Phase 2 works (Council House Extension)	May 2023
Date of post implementation review	August 2023

F2. Evaluation and achievability of timetable

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

The project team has representation from Property Services (client), Acivico Ltd (lead consultant/contract administrator), Hoare Lea LLP (lead Engineering designer), ISG (lead contractor), Birmingham City Laboratories (asbestos surveys/removal) and specialist input from a conservation architect, together with representatives from other BCC Directorates: Corporate Procurement, Finance, Legal

- Property Services has worked successfully with Acivico Ltd on similar heritage projects e.g. Birmingham Town Hall, Aston Hall,
- Due to the Grade II* listed status of the Council House Complex engagement with the Conservation Planner commenced at an early stage,
- Birmingham City Laboratories (BCL) were engaged to undertake a Demolition and Refurbishment Asbestos survey following the submission of a tender,
- Hoare Lea LLP appointed via Acivico using Crown Commercial Services framework securing continuity and knowledge of buildings and installations,
- ISG Ltd appointed via Acivico Ltd using the Construction West Midlands Framework 2 demonstrated the capability to successfully deliver the scheme in their tender response and has a proven track record in large schemes.
- Rodney Melville & Partners, Conservation Architect, appointed via Acivico leading on listed building consent application,
- All additional consultants and contractors have been / will be appointed subject to evidencing a proven record of working on similar projects and listed buildings

F3. Dependencies on other projects or activities

- Listed Building consent will be required (due to be determined in May 2021)
- Interface with the CCTV renewal project initiated by PIP
- The intention – following the completion of the programme – is not to reoccupy the accommodation traditionally used for BCC office accommodation as set out in the New Ways of Working report agreed by Cabinet in April 2021.
- A consultation exercise is proposed with regard to the future use of the entire Council House complex. The re-wire works will proceed as planned given the health & safety priority. Should the consultation exercise conclude in sufficient time that re-wiring certain parts of the complex in their current configuration is likely to prove abortive or unnecessary the contract could be varied accordingly.
- Lessons learned from the previous work undertaken on a potential comprehensive redevelopment of the complex will be taken into account.

F4. Officer support

Project Manager: Martin Painter, CAB Buildings Manager, 0121 303 3419

Project Accountant: *Mohammed Sajid, Corporate Resources, 0121 303 4176*
mohammed.sajid@birmingham.gov.uk

Rob Pace, Services Finance, 0121 303 3817, rob.pace@birmingham.gov.uk

Project Sponsor: Kathryn James, Assistant Director Property

F5. Project Management

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

A project board has been established in line with the Council's Financial Control Standard. The board includes Birmingham Museum Trust to reflect the impact on the trading position of BMAG.

The project is being managed through weekly operational meetings and monthly board meetings tracking progress with works as set out by Acivico and any other sub-contractors used. Clear commissioning instructions will provide the basis for review against the works undertaken.

Use of contingency funds will be the responsibility of the Project Manager in discussion with the Project Sponsor.

Cost control will be a key measure, as will the post-implementation review which will assess the projected level of savings against actual expenditure.

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

Outline Business Case approval	October 2020
Contract awarded using CWM2 framework under a Stage 1 pre-construction services agreement	April 2021
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Full Business Case approval	May 2021
Commence Phase 1 works (Council House building)	June 2021
Complete Phase 1a works (Civic spaces & BMAG '1885')	March 2022
Complete Phase 1b works (Remainder Council House building)	June 2022
Commence Phase 2 works (Council House Extension)	June 2022
Complete Phase 2 works (Council House Extension)	May 2023
Date of post implementation review	August 2023

G2. RISKS AND ISSUES REGISTER

Risks should include Optimism Bias, and risks during the development to FBC

Risk or issue	Likelihood	Severity	Mitigation
Discovery of asbestos exceeds expectations	L	S	Extensive surveys undertaken by BCL with removal works already commenced
Disruption and revenue loss to BMAG operations beyond expectations	L	M	Detailed engagement with BMT over sequencing and timing of works to minimise. Compensation included within this business case.
Decant measures required prove greater than anticipated	L	M	Two phase approach with Phase One seeking to keep artefacts within the complex. Requirement for external storage solution contained within the FBC
Costs of implementation overrun	M	M	Adequate risk contingency and effective project and cost management with early warning and change control mechanisms
Programme overruns impacting upon CWG	M	H	Adequate programme float and effective project and programme management with early warning mechanisms
Quality of installation not to required standard	L	M	Specification developed in sufficient detail to prevent shortcuts and close monitoring and inspection of works to ensure compliance
Listed Building consent refused	L	H	Pre-application consultation with conservation officer and Historic England and appointment of suitably qualified and experienced Conservation Architect
Programme slippage occurs that impacts overall programme	M	H	Adequate programme float and effective project and programme management with early warning mechanisms
Agreement not achieved with BMT over scope and sequencing of works	M	S	BMT represented on Project Board and effective consultation during development stage
Covid impact upon future occupancy and use of complex	M	M	Anticipate and align as far as possible with Council New Ways of Working (NWOW) programme
Brexit impact upon delivery of project	M	M	Ensure supply chains are robust throughout the project with suitable alternative routes

G3. SUPPORTING FINANCIAL DETAILS

Analysis supporting the financial implications in section D1 above (if appropriate)

N/A

G4. STAKEHOLDER ANALYSIS

Stakeholder	Importance and influence	how stakeholder relationships will be managed
Leader of the Council	High and high	Regular briefings including updates at Capital Board
Cabinet Member Finance & Resources	High and high	Regular briefings including updates at Capital Board
Birmingham Museum Trust	High and high	Regular briefing, ongoing meetings and Project Boards
Contractor/Activico	High and low	Ongoing meetings and management with clerk of works
Elected Members	High and medium	Regular briefings via the Group Leaders
Public	High and high	Regular briefings through press and website updates

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:			
Reduced running costs	£81k	01/04/2022	Revenue saving from both the energy efficiency of new fittings and increased reliability. Saving will increase to the quoted figure as more areas of the complex are renovated
(b) Other quantified benefits:			
(c) Non-quantified benefits:			
Health & Safety	N/A	01/04/2022	The upgrading of the electrical installations throughout the Complex to meet current regulations
Improved decorative appearance	N/A	01/04/2022	Improved experience by staff, members and visitors, including increased commercial opportunities from space
Further works	N/A	01/04/2022	Opportunity to undertake further repair work whilst the complex is closed which may otherwise be too intrusive / disruptive to carry out whilst the complex is occupied

Other Attachments

provide as appropriate

• Technical Feasibility Assessments	N/A
• Financial Assessment of Costs	N/A
• External Funding and Partnership agreement implications	N/A
• Specific Funding (Grant) outline	N/A