

Full Business Case (FBC)			
1. General Information			
Directorate	Economy	Portfolio/ Committee	Transport and Roads
Project Title	SELLY OAK NEW ROAD PHASE 1B	Project Code	CA-02722
Project Description	<p><u>Introduction</u></p> <p>This document represents the Full Business Case (FBC) for the Selly Oak New Road Phase 1B (SONR 1B) scheme at a total cost of £9.223m, the key benefits of this investment are to support and protect the City's growth objectives in terms of enabling access to key development sites and managing congestion.</p> <p><u>Background</u></p> <p>The first two phases (1A and 2) of the overall Selly Oak New Road (SONR) project were completed in 2009 and 2011 respectively, which have unlocked brownfield land development opportunities and improved access to the Queen Elizabeth Hospital.</p> <p>SONR 1B is the final section of the overall SONR project, which consists of highway improvements to the 'Selly Oak Triangle' made up of Bristol Road, Harborne Lane and Chapel Lane (a key junction between the A38 and A4040). The scheme will provide improved access to the development sites including the Life Sciences Campus on the Birmingham Battery Site. In addition the scheme provides additional traffic capacity and supports the regeneration of Bournbrook / Selly Oak local centre. The scheme comprises of the following measures and is shown on Drawing No. PB6129 - SK004 attached as Appendix E1:</p> <ul style="list-style-type: none"> <li>• Signalisation of the Gibbins Road / Harborne Lane junction which is to be delivered by the Developer under a Section 278 Agreement in advance</li> <li>• Harborne Lane, between Bristol Road and Chapel Lane - The existing one way carriageway section to be widened and made to two way dual carriageway.</li> <li>• Chapel Lane, between Bristol Road and Harborne Lane - The existing one way carriageway section to be made to two way single carriageway.</li> <li>• Existing retaining wall around the triangle site to be removed as necessary and new retaining wall to be constructed as a result of the wider carriageway.</li> <li>• Bristol Road / Harborne Lane / Oak Tree Lane signal controlled junction to be modified to suit the new layout.</li> <li>• Chapel Lane / Harborne Lane junction to be signalised.</li> <li>• Bristol Road / Chapel Lane / Elliott Road junction to be modified to suit the new layout</li> </ul>		

- Current 'T' junction on Chapel Lane outside of the retail park to be converted to a public realm style roundabout.
- New footway, pedestrian crossing facilities and other necessary highway facilities as a result of the above changes.
- New bus infrastructures and upgrading on the existing ones (shelters and platforms).
- Cycle Measures:
  - Segregated two way cycle track along Bristol Road with single phase cycle crossing at Harborne Lane junction and single / diagonal cycle crossing at Chapel Lane junction.
  - Segregated two way cycle track along Harborne Lane.
  - The Drawing No. CA-02722\_S1\_005 attached as Appendix E2 shows the connectivity of the cycle measures proposed as part of the SONR 1B project to the wider existing / proposed measures in the Selly Oak area.

The delivery of the SONR 1B scheme is linked to the associated development of the Birmingham Battery Site by the Harvest Partnership. A section of private land owned by Sainsbury's where their existing supermarket is located at the 'Selly Oak Triangle' is required for the construction of the SONR 1B. A Land Agreement was signed between the City Council and Sainsbury's in September 2013 which enables the City Council to take possession of the relevant areas of land at the Selly Oak Triangle 6 months after Sainsbury's open their new supermarket.

In November 2013 Harvest secured outline planning consent for a mixed use development on the Birmingham Battery Site including a new Sainsbury's supermarket. This consent provided for improvement to the public highway at Bristol Road, Harborne Lane and Chapel Lane within the existing highway boundary. Harvest were to carry out their highway works, known as the 'alternative SONR 1B', under Section 106 and Section 278 Agreements prior to occupation of the new supermarket.

On 7<sup>th</sup> July 2014, the Government announced 39 Growth Deals to Local Enterprise Partnerships (LEP). One of the City Council promoted transportation projects included within the specific GBSLEP Growth Deal was the SONR 1B scheme. On 28<sup>th</sup> June 2016 GBSLEP approved the scheme Business Case and allocation of LGF funding in the sum of £3.633m.

The Project Definition Document (PDD) for Local Growth Fund (LGF) Transport and Connectivity Projects, including SONR 1B, was approved by Cabinet on 16<sup>th</sup> March 2015.

In light of the City Council securing LGF, the City Council entered into discussions with the Developer, the Harvest Partnership, to vary the Section 106 Agreement to enable the reallocation of their funding from the 'alternative SONR 1B' to the City Council's SONR 1B scheme. The Heads of Terms for the Deed of Variation to the Section 106 Agreement was agreed at Planning Committee in March 2016. The Deed of Variation was completed in October 2016. The release of the Section 106 contribution is triggered primarily by securing FBC approval and letting of a contract for the works following service of the Implementation Notice by the Developer. The Implementation Notice was served on 14<sup>th</sup>

August 2017. The planning consent also required the Developer to install traffic signals at the Harborne Lane / Gibbins Road junction prior to the opening of the new supermarket. The Developer will deliver these works under a Section 278 Agreement at their cost, the works are programmed to start Spring 2018.

The current SONR 1B proposal requires the highway to be widened at the corner of the Bristol Road / Harborne Lane junction beyond the existing highway boundary to the City Council's land currently held by Economy and Place Directorates. It is proposed to dedicate the area as indicated on the drawing CA-02722\_S1\_004 attached as Appendix E4 as highway maintained at public expense. The relevant City Council Officers have been consulted and agreed to the proposed dedication.

Approvals are now sought to the FBC for SONR 1B scheme and to the award a tender for the Design and Construction of the scheme. Authority is also sought to place orders for the diversion of statutory undertakers' apparatus and to delegate the appointment of a Contractor for the landscaping works to the Assistant Director Transportation and Connectivity.

#### Funding Implications

The estimated cost of the SONR 1B project is £9.223m (including works, contingency, statutory undertakers' diversions and fees). The Project funding is shown in Table 1.

<b>Table 1: Funding</b>	<b>Sum</b>
LGF	£3.633m
Integrated Transport Block (ITB)	£1.580m
Section 106	£2.560m
Income	£0.450m
Prudential Borrowing	£1.000m
<b>Funding Total</b>	<b>£9.223m</b>

The current cost estimate following the PDD reflects the construction market conditions and provides for increased contingency and risk sums that better reflect the nature of the works. The project cost, programme and risks will continue to be reviewed monthly. Any variances / unforeseen works up to the end of the construction are expected to be contained within the current estimate of £9.223m. The main reasons for the cost increase are as follows;

- i. Enhanced Cycling Measures – the cycle measures have been reviewed and the proposals provide for segregated cycle tracks and crossings consistent with the measures proposed on the A38 corridor.
- ii. Contingency and Risk Provision – In light of the increase in construction costs nationally, the 12 month slippage in the programme and construction risks, particularly traffic management on this strategic route and interface with Sainsbury's store site.

The Funding Strategy for the SONR Phase 1B Project was set out in the Updated Transportation and Highways Funding Strategy 2017/18 to 2022/23 PDD Report approved by Cabinet on 16<sup>th</sup> May 2017, which also approved the prudential borrowing required to part fund this scheme.

On 28<sup>th</sup> June 2016 GBSLEP approved the scheme Business Case and allocation of LGF funding in the sum of £3.633m. A Deed of Variation of the existing S106 Agreement is now in place, which provides a Developer's contribution of £2.560m to be used towards the scheme.

#### Revenue Implications – Infrastructure

The cost of the Prudential Borrowing is £86,830 per annum over a 15 year period which will be funded from income as set out in the Updated Transportation and Highways Funding Strategy 2017/18-2022/23 approved by Cabinet on 16<sup>th</sup> May 2017.

#### Revenue Implications – Maintenance

The SONR 1B scheme will create assets that will form part of the highway upon completion of the project; as such they will need to be maintained within the overall highway maintenance regime. The estimated net cost of including these newly created assets within the highway maintenance regime is £20,000 pa over 30 years (full year 2020/21) for SONR 1B. This additional cost will be funded from the provision for Highways Maintenance held within Corporate Policy contingency. The new retaining wall is to be maintained by the Developer.

#### Consultation Summary

Ward Councillors for the affected ward together with the local MP, the District Committee Chair, the Assistant Director of Highways & Infrastructure and the District Engineers have been consulted. The outcome of the consultation is detailed in Appendix D

Officers from City Finance, Procurement and Legal and Democratic Services have been involved in the preparation of this report.

The Leader has been consulted in respect of the land and property responsibilities and supports the proposals to proceed to executive decision.

Officers from Property Services and Housing Regeneration been consulted over dedicating the Economic Development land and Housing land as highway maintained at public expense and support the proposal.

A public consultation was carried out in September 2016 through letter drops and drop-in sessions. The results are given in Appendix D

Transport for West Midlands, bus operators, cycling groups and other key stakeholders have also been consulted as part of the scheme development and the results are given in Appendix D.

The project team has reviewed and revised the scheme layout following the public consultation feedback received in late 2016.

On 10<sup>th</sup> August 2017, City Council Officers presented the revised draft scheme plans to the Selly Oak and Edgbaston Consultative Group attended by three Ward Councillors, the local MP, local resident groups / associations and other stakeholders. The group supported the proposals and progression of the project to construction.

#### Procurement Strategy

The procurement route to award the contract was to carry out a further competition exercise using the Council's Highways and Infrastructure Framework Agreement Lot 4 – Works above £500,000. The procurement process undertaken was as follows:

- i. An Expression of Interest to Tender for SONR 1B letter was produced and issued, to the 6 Framework Contractors on 13<sup>th</sup> July 2016 and 5 Contractors were expressed the interest to tender for this scheme.
- ii. Tenders were invited from these 5 Contractors on 10<sup>th</sup> August 2016 and 2 Contractors withdrew during the tender period.
- iii. During the tender period mid tender interviews were held with the 3 Contractors to clarify the Councils requirements but also to answer any queries from tenderers. Responses to questions of a non-specific nature were shared with all other Contractors. Tenders were returned on 26<sup>th</sup> October 2016.
- iv. The tendered prices were higher than the pre tender estimate. Meetings were held with the 3 contractors to discuss the submitted tender and to explore possible value engineering options.
- v. No practical value engineering options were identified and it was accepted additional funding would have to be found to address the increase in the works cost.
- vi. Additional funds have been identified as set out in the Executive Report.
- vii. A revised tender was issued on 21<sup>st</sup> February 2017. The revised tender reflected the latest programme and included certain clarifications raised in the meetings with the contractors.
- viii. Revised tenders were returned on 13<sup>th</sup> March 2017
- ix. The evaluation was completed against the price (60%) / quality (30%) / social value (10%) model.
- x. The highest ranked provider is recommended to be awarded the contract.

The tendered price of the preferred contractor is within the project cost estimate. The results of the tender process are detailed in the Private Report. The procurement process was for a Design and Construction contract with a stop clause to limit the risk of not being able to agree a final works cost. If at the conclusion of the design stage we are unable to agree a price with the preferred Contractor for the works element, the Council will own the design but will have to re-tender the works element as a separate contract.

The highway proposals impact on approximately 30 trees (to be confirmed at the detailed design stage) of which 13 are in the public highway, 7 non highway trees and 10 trees on private land.



	<p>It is proposed to appoint an experienced contractor using the City Council's Landscape Construction Framework Agreement 2015-2019 for the proposed landscaping, including tree removal and planting works. The work will be procured in line with the framework agreement where the work is offered to the first ranked supplier in the first instance. If this opportunity is declined, it will be offered to the second ranked supplier and so forth. The loss of highway trees will be compensated on a 2 for 1 basis in the vicinity, indicative landscape proposals are shown on drawing no. 80409-L001 attached as Appendix E3, the proposals will be developed and tree locations confirmed at the detailed design stage. The trees to be removed will be cut into manageable lengths and removed from site to the Hodge Hill timber recycling depot run by Parks, where the tree waste is converted into Biomass wood fuel which the City Council then supplies under contract to a green energy company. This process generates income for the city. The new trees within the highway boundary will be maintained for two years by the landscape contractor. All of the new trees will be maintained by the City Council. The cost associated with these works is provided for in the scheme cost.</p> <p><u>Social Value</u></p> <p>Compliance with the Birmingham Business Charter for Social Responsibility (BBC4SR) is a mandatory requirement that will form part of the conditions of this contract. The recommended provider is a certified signatory to the charter and has committed to additional actions with their tender proportionate to the value of this contract that will be added to their action plan. The action plan of the successful tenderer will be implemented and monitored during the contract period.</p> <p><u>Equalities Analysis</u></p> <p>An Equality Analysis has been carried out and is attached as Appendix B to this report.</p> <p><u>Key Milestones</u></p> <p>The delivery programme for SONR 1B is as follows:</p> <ul style="list-style-type: none"> <li>• Appointment of Design and Construct Contractor: October 2017.</li> <li>• Detailed Design start: October 2017.</li> <li>• Developer opens new store: December 2018</li> <li>• Private land at the triangle site available: June 2019.</li> <li>• Construction start: March 2019.</li> <li>• Construction finish: February 2020.</li> </ul>
<p><b>Links to Corporate and Service Outcomes</b></p>	<p><u>City Council Objectives</u></p> <p>The SONR 1B project fully supports the Council's Vision and Forward Plan priorities, specifically growing the creation of "Jobs and Skills" through investment in transport infrastructure and improved connectivity that supports new developments being built in Birmingham. The project also aligns with the GBSLEP Strategy for Growth, Strategic Economic Plan.</p> <p><u>Local Transport Plan Objectives</u></p> <p>The scheme supports the targets set out in the West Midlands</p>

	Local Transport Plan 2011-2016 (LTP3) in terms of improving the economy, reducing emissions, providing equality of opportunity, and improving the local environment		
<b>Project Definition Document approved by</b>	Cabinet	<b>Date of Approval</b>	16 <sup>th</sup> March 2015
<b>Benefits Quantification- Impact on Outcomes</b>	<b>Measure</b>		<b>Impact</b>
	Harborne Lane, between Bristol Road and Chapel Lane, the existing one way carriageway to be widened and made to two way dual carriageway.		Increased network capacity and reduced congestion
	Chapel Lane, between Bristol Road and Harborne Lane - The existing one way carriageway section to be made to two way single carriageway.		Increased network capacity and reduced congestion
	Chapel Lane / Harborne Lane junction to be signalised.		Increased vehicle capacity at the junction to help deal with congestion
	Bristol Road / Chapel Lane / Elliott Road junction to be modified to suit the new layout		Increased vehicle capacity at the junction to help deal with congestion
	Bristol Road / Harborne Lane / Oak Tree Lane signal controlled junction to be modified to suit the new layout		Increased vehicle capacity at the junction to help deal with congestion
	Current 'T' junction on Chapel Lane outside of the retail park to be converted to a public realm style roundabout.		Improved access to the retail park and improve accessibility to local amenities in the area
	Cycling facilities		Improved connectivity for the cycle network
	New footway and pedestrian crossing facilities		Improved access for pedestrians
	New bus shelters and upgrading on the existing shelters		Improved public transport
<b>Project Deliverables</b>	<p>The scheme comprises of the following measures:</p> <ul style="list-style-type: none"> <li>• Signalisation of the Gibbins Road / Harborne Lane junction which is to be delivered by the Developer under a Section 278 Agreement in advance</li> <li>• Harborne Lane, between Bristol Road and Chapel Lane - The existing one way carriageway section to be widened and made to two way dual carriageway.</li> <li>• Chapel Lane, between Bristol Road and Harborne Lane - The existing one way carriageway section to be made to two way single carriageway.</li> <li>• Existing retaining wall around the triangle site to be removed as necessary and new retaining wall to be constructed as a result of the wider carriageway.</li> </ul>		

	<ul style="list-style-type: none"> <li>• Bristol Road / Harborne Lane / Oak Tree Lane signal controlled junction to be modified to suit the new layout.</li> <li>• Chapel Lane / Harborne Lane junction to be signalised.</li> <li>• Bristol Road / Chapel Lane / Elliott Road junction to be modified to suit the new layout</li> <li>• Current 'T' junction on Chapel Lane outside of the retail park to be converted to a public realm style roundabout.</li> <li>• New footway, pedestrian crossing facilities and other necessary highway facilities as a result of the above changes.</li> <li>• New bus infrastructures and upgrading on the existing ones (shelters and platforms).</li> <li>• Cycle Measures: <ul style="list-style-type: none"> <li>– Segregated two way cycle track along Bristol Road with single phase cycle crossing at Harborne Lane junction and single / diagonal cycle crossing at Chapel Lane junction.</li> <li>– Segregated two way cycle track along Harborne Lane.</li> </ul> </li> </ul>
<b>Scope</b>	This project includes improvements to the Selly Oak Triangle as detailed on the attached plans.
<b>Scope exclusions</b>	None
<b>Dependencies on other projects or activities</b>	<p>Delivery of Traffic Regulation Order related items is dependent on there being no objections during the statutory process, and any unresolved objections being reported to the Cabinet Member for Transport and Roads for consideration.</p> <p>Appointment of Contractors and placing of orders.</p> <p>Finalisation and Implementation of a Traffic Management Plan.</p>
<b>Achievability</b>	<p>The project involves standard highway engineering and measures and the City Council has in-house experience of successfully delivering highway projects of this nature.</p> <p>The procurement process for the Design &amp; Build contract will ensure an appropriately experienced contractor is appointed.</p> <p>Statutory undertakers' diversions are required and these will be programmed into the construction and managed by the contractor to minimise any disruption to road users and delay to the construction programme.</p>
<b>Project Manager</b>	<p>Yin Liu</p> <p>Tel: 0121 465 4409 E-mail: yin.liu@birmingham.gov.uk</p>
<b>Budget Holder</b>	<p>Peter Parker</p> <p>Tel: 0121 303 7096 E-mail: peter.parker@birmingham.gov.uk</p>
<b>Sponsor</b>	<p>Phil Edwards – Assistant Director Transportation and Connectivity</p> <p>Tel: 0121 303 7409 E-mail: philip.edwards@birmingham.gov.uk</p>
<b>Project Accountant</b>	<p>Alison Jarrett – Assistant Director, Finance</p> <p>Tel: 0121 675 5431 E-mail: alison.jarrett@birmingham.gov.uk</p>
<b>Project Board Members</b>	<ul style="list-style-type: none"> <li>• Programme Manager – Peter Parker</li> <li>• Project Manager – Yin Liu</li> <li>• Assistant Director Transportation and Connectivity – Phil Edwards</li> <li>• Finance – Alison Jarrett</li> </ul>



## APPENDIX A

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<b>Head of City Finance (HoCF)</b>	Simon Ansell	<b>Date of HoCF Approval:</b>	October 2017
<b>Planned start date for delivery of the project</b>	October 2017 (detailed design start)	<b>Planned date of technical completion</b>	February 2020 (construction end)

2. Budget Summary (Detailed workings are shown in the private report)							
	Voyager Code	Previous years £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Totals £'000
<b>Expenditure</b>							
Development Costs to FBC	CA-02722-02	220.0	90.0				310.0
<b>Development Cost Sub Total</b>		<b>220.0</b>	<b>90.0</b>				<b>310.0</b>
Implementation Costs:	CA-02722-03		150.0	1656.0	5,795.0	1312.0	8913.0
<b>Implementation Cost Sub Total</b>			<b>150.0</b>	<b>1656.0</b>	<b>5,795.0</b>	<b>1312.0</b>	<b>8913.0</b>
<b>Scheme Total (Capital)</b>		<b>220.0</b>	<b>240.0</b>	<b>1656.0</b>	<b>5,795.0</b>	<b>1312.0</b>	<b>9,223.0</b>
<b>Funding</b>							
LGF	2LG	200.0	230.0	1,656.0	1,547.0		3,633.0
ITB	3H9	20.0	10.0		1,000.0	550.0	1,580.0
Section 106	3GR				2,560.0		2,560.0
Income	TBC				450.0		450.0
Prudential Borrowing (1)	TBC				238.0	762.0	1,000.0
<b>Funding Total (Capital)</b>		<b>220.0</b>	<b>240.0</b>	<b>1,656.0</b>	<b>5,795.0</b>	<b>1,312.0</b>	<b>9,223.0</b>
<b>Revenue Consequences</b>		Previous Years £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Future Years £'000
<b>Highway Maintenance</b>							
SONR 1B (met by the City Council)		0	0	0	0	20	20
<b>Highway Maintenance Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>20</b>
<b>Funded By:</b>							
Provisions for Highways Maintenance held with Corporate Policy contingency. (SSD 0164)		0	0	0	0	20	20
<b>Totals</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>20</b>

(1) Prudential Borrowing to be repaid from income as set out in the Updated Transportation and Highways Funding Strategy 2017/18-2022/23 approved by Cabinet on 16<sup>th</sup> May 2017.

## Notes – Revenue Consequences

### Revenue Implications – Infrastructure

The cost of the Prudential Borrowing is £86,830 per annum over a 15 year period which will be funded from income as set out in the Updated Transportation and Highways Funding Strategy 2017/18-2022/23 approved by Cabinet on 16<sup>th</sup> May 2017.

### Asset Management / Maintenance Implications

As part of the City Council's obligations under the Highway Maintenance and Management Private Finance Initiative (HMMPFI) contract, Highways have been formally notified of the proposed changes to the highway inventory arising from this scheme which has been allocated SSD No. 0164.

Discussions will be held with Amey to coordinate, where possible, the proposed works with other programmed activities on the highway network.

### Maintenance Costs – Infrastructure Works

The SONR 1B scheme will create assets that will form part of the highway upon completion of the project; as such they will need to be maintained within the overall highway maintenance regime. The estimated net cost of including these newly created assets within the highway

maintenance regime is £20,000 pa (full year 2020/21) for SONR 1B. This additional cost will be funded from the provision for Highways Maintenance held within Corporate Policy Contingency. The new retaining wall is to be maintained by the Developer.

3. Checklist of Documents Supporting the FBC		
Item	Mandatory attachment	Number attached
<b>Financial Case and Plan</b>		
<ul style="list-style-type: none"> <li>Detailed workings in support of the above Budget Summary (as necessary)</li> </ul>	Mandatory	See Private Report
<ul style="list-style-type: none"> <li>Statement of required resource (people, equipment, accommodation) – append a spreadsheet or other document</li> </ul>	Mandatory	Included in section 1
<ul style="list-style-type: none"> <li>Whole Lifecycle Costing analysis ( as necessary)</li> </ul>	N / A	N / A
<ul style="list-style-type: none"> <li>Milestone Dates/ Project Critical Path (set up in Voyager or attached in a spreadsheet)</li> </ul>	Mandatory	Included in FBC
<b>Project Development products</b>		
<ul style="list-style-type: none"> <li>Risk Management Assessment</li> </ul>	Mandatory	Appendix C to Executive Report
<ul style="list-style-type: none"> <li>Consultation Summary</li> </ul>	Mandatory	Appendix D to Executive Report
<b>Other Attachments (list as appropriate)</b>		
<ul style="list-style-type: none"> <li>Equality Analysis</li> </ul>		Appendix B to Executive Report
<ul style="list-style-type: none"> <li>Scheme Plans</li> </ul>		Appendix E1 to E4 to Executive Report