

## FULL BUSINESS CASE (FBC)

### A. GENERAL INFORMATION

#### A1. General

<b>Project Title</b> (as per Voyager)	Purchase of Freehold of Aston Learning Centre	<b>Portfolio /Committee</b>	Education Skills and Culture
<b>Directorate</b>	Education and Skills	<b>Project Code</b> (as per Voyager)	
<b>Approved by Project Sponsor</b>	Ilgun Yousuf 10 July 2020	<b>Approved by Finance Business Partner</b>	John Betts (date to be inserted)

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

A capital proposal was submitted to capital board on 1<sup>st</sup> April 2020 and approval was granted to explore the purchase of the Aston Learning Centre.

#### A3. Project Description

To purchase Aston Learning Centre to provide continued educational opportunities for Adults in a deprived area of Birmingham. Aston has been rented from South and City College from 2011 at an annual cost of £82K plus all maintenance and repairs. South and City College are currently looking to sell the property and have proposed to increase the annual rent to £92K from September 2019. This increase in the rental will cause a budgetary pressure on the service if the Council do not purchase the property.

This acquisition does not fall within the planned scope of acquisitions but an opportunity to purchase the property has arisen when discussing the lease renewal with the college. The college has indicated that they are looking to sell with BCC as a sitting tenant on updated lease terms. Searches of the locality over the last 5 years have identified no other suitable property from which the Council could deliver this provision.

#### A4. Scope

Purchase of freehold of Aston Learning Centre

A purpose build three storey building with car parking.

#### A5. Scope exclusions

None

## 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 in this report contributes to the Birmingham City Council Plan 2018 -2022 (updated 2019), supporting the following outcomes of:

- Outcome 1- Birmingham is an entrepreneurial city to learn, work and invest in. Priority 1 states "We will create opportunities for local people to develop skills and make the best of economic growth." Priority 2 states "We will strive to maximise the investment in the City and engage local employers to create quality jobs and opportunities to citizens, especially for those in most deprived areas."
- Outcome 3 – Birmingham is a fulfilling city to age well in. Priority 1 states 'We will work with our citizens to prevent social isolation, loneliness, and develop active citizenship'.
- Outcome 5 – Birmingham residents gain the maximum benefit from hosting the Commonwealth Games. Priority 4 states ' We will use the games as a catalyst for the development and promotion of apprenticeships, volunteering and leadership opportunities to enhance the skills of our workforce.'

Birmingham is an entrepreneurial city to learn work and invest in, by purchasing Aston Learning Centre from South and City College we are able to ensure continued delivery of vital skills to the people of the Aston Area. Aston is a deprived area which has skills gaps, our continued presence allows us to build skills in the area and bring economic advantage to the local community. Birmingham is a fulfilling city to age well in, Birmingham Adult Education Service (BAES) is committed to providing learning and development opportunities to the citizens of Birmingham which helps to support people who may suffer from social isolation and gives opportunities for people to have fulfilling lives. The site at Aston sits within scope of the A34 corridor leading to the site of the 2022 Commonwealth games, which will be creating local jobs for local people and leaving a legacy of investment in this area. BAES are linking in with the skills needs and volunteering courses to support the games.

### B2. Project Deliverables

*These are the outputs from the project eg a new building with xm2 of internal space, xm of new road, etc*

Freehold acquisition of an existing leased three storey Adult Education Building with car parking.

### 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 <b>each</b> 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>
Secure a delivery point for Birmingham Adult Education Service in a highly deprived ward in Birmingham.	Providing continuity of opportunity for the people of Aston to develop skills and make the best of economic growth.
Securing a building in Aston will no additional outlay as the cost of purchase is in line with the current rental of the building.	We will support the maximisation of investment in the City and engage local employers to create quality jobs and opportunities to citizens,

	especially for those in most deprived areas. Birmingham Adult Education works closely with community partners, job centre plus and employers to ensure that skills gaps are reduced and people are better prepared to obtain gainful employment.
The purchase will provide the service with assurance that we are able to sustain development in the area and invest in and develop the opportunities we offer to the local community.	We will work with our citizens to prevent social isolation, loneliness, and develop active citizenship, by providing opportunities to learn to be involved with volunteering and attend the centre for social purposes.

*For major projects and programmes over £20m:*

Not applicable

#### **B4. Benefits Realisation Plan**

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

Birmingham Adult Education Service will oversee the key actions in this proposal.

#### **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.*

Options considered included:-

Purchase of Aston – this is the preferred option which secures a future delivery point for BAES in an area of high deprivation.

Do Nothing – this may not be possible as South and City College are looking to sell the property.

Find a lower cost alternative – BAES along with Property Services have searched for an alternative venue, none are available or suitable within the area.

#### **C2. Evaluation of key risks and issues**

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

- BCC's proposal to purchase Aston Learning Centre is refused by South and City College- this is hopefully mitigated as we are the preferred purchaser and South and City College are looking to sell the property.

### **C3. Other impacts of the preferred option**

*Describe other significant impacts, both positive and negative*

- The purchase of Aston Learning Centre allows us to secure our future in the area and invest in the future of adult learning provision in this building.
- Costs associated with borrowing.

### **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*

Not applicable

#### **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).*

The purchase of the Aston Learning Centre is according to the Heads of Terms agreed between Property Services and South and City College.

#### **D3. Staffing and TUPE implications:**

As we currently occupy the site there are no staffing implications. There are no TUPE implications.

## E. FINANCIAL CASE

*This sets out the cost and affordability of the project*

### E1. Financial implications and funding

<b>Capital Expenditure:</b>	<b>Financial Year 2020/2021 £m</b>	<b>Financial Year 2021/2022 £m</b>	<b>Later Years £m</b>	<b>Totals £m</b>
Voyager capital code:				
Capital costs already incurred:	0.000	0.000	0.000	0.000
Development costs to proceed to Full Business Case	0.000	0.000	0.000	0.000
Other Costs to complete project:				
Purchase of Aston LC	1.200	0.000	0.000	1.200
Stamp Duty	0.050	0.000	0.000	0.050
Legal costs	0.020	0.000	0.000	0.020
Refurbishment Costs	0.000	0.000	0.000	0.000
<b>Total capital expenditure</b>	<b>1.270</b>	<b>0.000</b>	<b>0.000</b>	<b>1.270</b>
<b>Capital funding:</b>				
Development costs funded by: (Prudential Borrowing met by current annual rental charge.)	1.270	0.000	0.000	1.270
Other Costs Funded by: (Not applicable)	0.000	0.000	0.000	0.000
<b>Total capital funding</b> <i>Should fund all the costs</i>	<b>1.270</b>	<b>0.000</b>	<b>0.000</b>	<b>1.270</b>
<b>Revenue Consequences</b>	<b>Financial Year 2020/2021 £m</b>	<b>Financial Year 2021/2022 £m</b>	<b>Full year / ongoing (p.a.) £m</b>	
Voyager rev. budget code:				
Prudential Borrowing	0.016	0.053	0.053	
Additional Premises Cost	0.000	0.000	0.000	
Savings on lease rental	(0.046)	(0.092)	(0.092)	
<b>Total rev. consequences</b>	<b>(0.030)</b>	<b>(0.039)</b>	<b>(0.039)</b>	
The cost to purchase the building is based on the proposed purchase price of £1.2 million, survey costs of £20K, Stamp Duty of £50K. Giving an approximate total borrowing of £1.27 million.				

### E3. Approach to optimism bias and provision of contingency

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

### E4. Taxation

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

Stamp Duty Land Tax of £50,000 will be payable on the purchase price.

## 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 start date for delivery of the project- Capital board approval

**01 April 2020**

Cabinet Approval of report and business case

**21 July 2020**

Purchase of Property

**September 2020**

### F2. Evaluation and achievability of timetable

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

The achievability of the timetable relies on issues raised under due diligence being resolved and the conveyancing process.

### F3. Dependencies on other projects or activities

- None

### F4. Officer support

**Project Manager: Susan Eachus**

**Project Accountant: Mark Shaw**

**Project Sponsor: Anne Ainsworth**

### F5. Project Management

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

Responsible Project Board- Property Services – Azmat Mir

## 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*

Preparation of full business case for Cabinet for 21 July 2020 for consideration at Cabinet meeting	<b>10 July 2020</b>
Cabinet Approval of report and business case	<b>21 July 2020</b>
Purchase of Aston Learning Centre completed	<b>September 2020</b>

### G2. RISKS AND ISSUES REGISTER

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

Risk or issue	Likelihood	Severity	mitigation
BCC's proposal to purchase the freehold is refused by South and City College.	Very Low	Medium – as the Council would continue to provide the existing service although at a greater revenue cost.	Discussions regarding the purchase of the building have taken place with South and City College at their request and terms have been agreed between the parties to this proposal.

### G3. SUPPORTING FINANCIAL DETAILS

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

**NOT applicable**

### G4. STAKEHOLDER ANALYSIS

Stakeholder	Importance and influence	how stakeholder relationships will be managed
Cabinet Member Education Skills and Culture	High and high	Regular briefings through portfolio holder meetings
Local Ward Members	High and high	Meetings with Assistant Director as necessary and consultation with Ward Members should the building use change in the future.

## 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 <b>each</b> of the outcomes in B1 above</i>			<i>What the estimated impact of the project will be on the measure identified</i>
<b>(a) Monetised benefits:</b>	£		NOT APPLICABLE AS PROJECT NOT IN SCOPE LESS THAN £20m.
<b>(b) Other quantified benefits:</b>			
<b>(c) Non-quantified benefits:</b>	n/a		

## Other Attachments

*provide as appropriate*

- none

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