

APPENDIX

FULL BUSINESS CASE (FBC)			
A. GENERAL INFORMATION			
A1. General			
Project Title <i>(as per Voyager)</i>	Building New Homes on the Bromford Estate		
Voyager code	CA-02970-42/43/47/49		
Portfolio /Committee	Homes and Neighbourhoods	Directorate	Inclusive Growth
Approved by Project Sponsor		Approved by Finance Business Partner	
A2. Outline Business Case approval <i>(Date and approving body)</i>			
None. Project Definition Document (PDD) and Options Appraisal for the construction of 225 new homes approved 18 October 2016.			
A3. Project Description			
<p>The FBC is seeking approval for the construction of up to 234 new homes on the Bromford Estate on 12 separate sites, this includes the tendered scheme at the former Bayley and Stoneycroft Tower sites and the recommendation for the contract award with the Cabinet Report. The remaining sites are based on the pre-tender estimates from the Council's employers' agent. The development of a number of sites is contingent upon the Environment Agency constructing flood defences and removing the risk of flooding from a number of development sites included in this report. The Environment Agency has the finances to undertake the flood defence work, however they require a contribution from the Council of £2.7m towards the cost of the flood defence work. The Council has obtained grant funding of £2.7m from GBSLEP Asset Accelerator fund which will provide the contribution sought by the Environment Agency.</p>			
A4. Scope			
<p>Birmingham City Council will be undertaking the following;</p> <ul style="list-style-type: none"> • Design of Housing Development Scheme • Work with local Ward members, MP, local residents and stakeholders to develop new sustainable housing and associated open space improvements • Obtaining the Planning approvals for the development of Social Housing Scheme • Undertaking site investigations and surveys • Procurement appointment of the contractors • Obtaining grant funding of £2.7m from Homes England • Providing a contribution of £2.7m to the Environment agency towards the cost of the flood defence works 			
A5. Scope exclusions			
<p>Improvement to open spaces Improvement to parking provision of existing council properties impacted by the housing development proposals</p>			

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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 project aims to deliver:

- The construction of up to 234 new council homes on the Bromford Estate,
- Facilitate the improvement of flood defences, and associated outcomes including the creation of a new cycle route on top of the flood defence bund, diversification of local tree stock, removal of 1598 homes within Bromford and Castle Vale from the flood plain, improved protection of network railway, Severn Trent Water, HS2 and Cadent assets. Protect industrial units adjacent to the River Tame.
- Provide the addition of associated new play facilities and enhance adjacent open space in line with planning policies.

B2. Project Deliverables

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

Up to 234 New Council Houses for social rent as follows:

66 x 2 bed apartments – 65m² each unit
 56 x 2 bed houses – 80m² each unit
 66 x 3b houses – 94m² each unit
 23 x 4 bed houses - 132m² each unit
 8 x 4bed houses with garages - 147m² each unit
 5 x 5 bed houses - 150m² – each unit
 10 x 2 bed bungalows - 72m² each unit

Enhancements to 3 areas of existing public open space including the creation of 2 small play areas
 Value circa

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 (e.g. for economic and transportation benefits)</i>
Facilitate flood construction of Flood Defence for the River Tame at Bromford and Castle Vale	Two Kilometres of Flood Defence work as a cost of £22 million. Release 11 acres of cleared housing land for development. Provide over 200 new trees

*For major projects and programmes over £20m:
 Please see table G5 below.*

B4. Benefits Realisation Plan

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

The council houses will be delivered by the councils well established and award winning

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Birmingham Municipal Housing Trust (BMHT). The project will be managed by experienced Project management who will monitor expenditure and outturns on a monthly basis via monthly site project and site meetings. Progress will be regularly reported to the BMHT Project Board.

B5. Stakeholders

A summary of consultation responses is in the covering Executive report - appendix B

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.

This option was agreed in the PDD on 18 October 2016.

C2. Evaluation of key risks and issues

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

A risk register is in the covering Executive Report – appendix A

C3. Other impacts of the preferred option

Describe other significant impacts, both positive and negative

[bullet points are ok]

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 flood Defence improvements will be delivered by the Environment Agency. BCC and the Environment have each appointed project managers who liaise on weekly basis and will continue to do so until the project is successfully concluded.

The Council ensure that the Environment delivers on the expected outcomes by entering into a Collaboration agreement. The agreement obliges BCC to provide £2.7 million in funding. The Environment Agency will provide the flood defences detailed in the planning approval obtained in 2019 by June 2021.

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 procurement strategy for the Scheme is to carry out a competition exercise in accordance with the protocol of the Homes England DPP3 framework agreement (or its successor). The tender evaluation criteria used is and will be 40% price, 20% social value and 40% quality.

D3. Staffing and TUPE implications:

Not applicable

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Key Inputs			
Construction		Running Costs, etc.	
Total Development costs (Capital and Revenue)	£54.72m	Weekly rent	2 bed £94.26, 3 bed £114.69, 4 bed £127.87, 5 bed £143.66
Total Grant	£0.13m	Rent loss - voids / arrears	2.0%
		Annual rent increase	3.0%
RTB activity assumed	None	Management Costs	£978
		Repairs Costs	£934
Key Outputs		Capital Works (5-yearly)	£5,099
(Surplus) / Deficit after 30 years	£0.00m	Annual Cost Increase	2.5% (CPI 2.0%)

HRA Extract	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 to 2028/29	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4		
	£m	£m	£m	£m	£m	£m	£m
Rental Income	0.00	0.00	(0.07)	(0.29)	(0.53)	(5.46)	(54.52)
Voids and arrears	0.00	0.00	0.00	0.01	0.01	0.11	1.09
Repairs and Maintenance	0.00	0.00	0.01	0.05	0.08	0.90	8.46
Management Costs	0.00	0.00	0.01	0.05	0.09	0.94	8.85
Interest cost on borrowing	0.00	0.01	0.11	0.25	0.35	2.00	12.07
Cash-backed Depreciation	0.00	0.00	0.02	0.07	0.10	0.95	8.85
HRA Deficit / (Surplus) Contribution	0.00	0.01	0.08	0.14	0.10	(0.56)	(15.20)
Revenue contributions from wider HRA (to fund capital investment shown below)	(0.54)	(0.12)	(0.96)	(1.79)	(1.37)	(10.42)	(15.20)
Net HRA Impact	0.54	0.13	1.04	1.93	1.47	9.86	0.00

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Capital Account	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 to 2028/29	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4		
	£m	£m	£m	£m	£m	£m	£m
Pre Contract Costs	0.57	0.34	0.13	0.02	0.00	0.01	1.07
Build Costs (including Fees)	0.17	0.44	6.69	6.21	5.36	22.06	40.93
POS & Infrastructure Costs (including Commuted Sum)	0.03	0.02	0.18	0.18	0.24	0.00	0.65
Total Development Costs	0.77	0.80	7.00	6.41	5.60	22.07	42.65
Capital Investment / Renewals ¹	0.00	0.00	0.00	0.00	0.00	0.35	8.85
Other Capital Financing (RTB 1-4-1 / Affordable Housing S106 / General RTB Receipts)	(0.10)	(0.18)	(2.51)	(2.36)	(2.11)	(10.06)	(17.32)
Borrowing	0.00	(0.50)	(3.53)	(2.26)	(2.12)	(1.59)	(10.00)
Revenue Contributions from wider HRA	(0.54)	(0.12)	(0.96)	(1.79)	(1.37)	(10.42)	(15.20)
Grant	(0.13)	0.00	0.00	0.00	0.00	0.00	(0.13)
Cyclical Maintenance Reserve Release	0.00	0.00	0.00	0.00	0.00	(0.35)	(8.85)
Total Capital Income	(0.77)	(0.80)	(7.00)	(6.41)	(5.60)	(22.07)	(42.65)
Capital Account (Surplus) / Deficit	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Balance Sheet Extract	2019/20	2020/21	2021/22	2022/23	2023/24	2049/50
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 30
	£m	£m	£m	£m	£m	£m
Land & Buildings	0.00	0.00	4.61	14.29	19.17	80.65
Cyclical Investment Reserve	0.00	0.00	0.02	0.09	0.20	2.21
Capital Reserve	0.00	0.00	(4.63)	(14.38)	(19.37)	(82.86)
Net	0.00	0.00	0.00	0.00	0.00	0.00

Properties	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 to 2028/29	Total Year 0 to Year 30
	Year 0	Year 1	Year 2	Year 3	Year 4		
HRA Social Rent Properties	0	0	21	50	27	136	234
Sale Properties	0	0	0	0	0	0	0
Total Properties	0	0	21	50	27	136	234

Formal approval to the ongoing capital investment / renewals programme (at a total value of £0.35 million over the coming 30 years) will be sought in due course as a part of the overall HRA capital programme as details of elemental investment needs emerge over time.

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F. PROJECT MANAGEMENT CASE	
<i>This considers how project delivery plans are robust and realistic</i>	
F1. Key Project Milestones	Planned Delivery Dates
<i>The summary Project Plan and milestones is attached at G1 below</i>	
Planned start date for Construction programme	Dec 2020
Remaining Survey /Planning approval etc complete (as appropriate)	March 2021
Main contract award	July 2020
	Sept 2021
Practical completion	2023 - 2029
Date Project operational	Now
Date of Post Implementation Review	March 2029
F2. Achievability	
<i>Describe how the project can be delivered given the organisational skills and capacity available</i>	
<p>Birmingham City Council is an award-winning developer of mixed-use residential developments through Birmingham Municipal Housing Trust (BMHT).</p> <p>BMHT was set up by the Council in 2009 to build new council homes. Since 2009, BMHT has developed over 3000 new homes for rent and sale. BMHT has a proven track record on delivery and established itself as the biggest housing developer in Birmingham by completing 25% out of all of the new homes built in the City since 2011.</p>	
F3. Dependencies on other projects or activities	
<p>The key dependency is delivery of the enhanced River Tame Flood Defences, which is scheduled to be completed in March 2021. Contingency is in place to allow for potential of a 3 month overrun. Currently to flood defence project is on schedule as it has not been delayed by the current pandemic.</p> <p>The key risk remains unforeseen economic consequences of the current pandemic as it may delay the availability of humans and material resources.</p> <p>There is an interdependency of all the elements of this project to deliver a comprehensive and strategic approach. Infrastructure works and Highways including stopping up orders for some existing HMPE and footpaths. Procurement of development partner. Associated legal documents / agreements to be negotiated and signed. Completion of Planning conditions.</p>	
F4. Officer support	
Project Manager: Ron Williams	
Project Accountant: Parmjit Phipps/Nick Ward	
Project Sponsor: Ian MacLeod	
F5. Project Management	
<i>Describe how the project will be managed, including the responsible Project Board and who its members are</i>	
<p>The project will be managed in house by Council officers. Overall Management / monitoring shall be via the Housing Project Board attended by:</p> <p>Ian MacLeod – Acting Director, Inclusive Growth Jane Trethewey – Assistant Director, Housing Development Parmjit Phipps – Head of City Finance Colette McCann – Head of Housing Development</p>	

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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

See attached Build and Milestone update Schedules

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

The risk register is appended to the executive report for this project as appendix 2.		Risk after mitigation:	
Risk or issue	mitigation	Sever-ity	Like-lihood
1.			
2.			
3.			
4.			
5.			
6.			

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)

Homes England has confirmed £2.7m funding to contribute towards the flood defence works to support the works being undertaken by the Environment Agency.

G4. STAKEHOLDER ANALYSIS

Stakeholder	Role and significance	How stakeholder relationships will be managed
Ward members	Active lead ward representative, interest of constituents/ Council - High	In house through dialogue and engagement / consultation
Local community	Residents - High	On-going resident consultation and engagement to review progress
Planning Officer	Consultant/ advisory - High	Regular design team meetings to review progress
Contractor	Delivery/Operational - High	Monthly site meetings throughout the scheme
Architect	Consultant/advisory/D esigner - High	Periodic meetings, formal professional relationship
Engineers	Consultant/Advisory - High	Periodic meetings, formal professional relationship

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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:	£		
Flood defence works	22m	2020	Protect 1598 properties in Bromford Estate / Castle Vale catchment area of the River Tame from the risk of flooding
(b) Other quantified benefits:			
Cycle Route	C. £2m		Up to 2km of new cycle routes will be delivered to support improvements to health and wellbeing for the local and wider communities
Creation of play areas	C. £400k		2 new play areas will support improvements to health and well-being for the local and wider communities
(c) Non-quantified benefits:	n/a		
Over 200 new Trees planted			This will enhance bio-diversity and ecology for the estate
Protection of wider infrastructure	n/a		Severn Trent pumping station, Network Rail assets, Cadent Gas main, and HS2 will all benefit from the Scheme.

Other Attachments <i>provide as appropriate</i>	
• None	
•	
•	
•	