

Subject:	Planned Maintenance Budget Allocation 2017-18 and Programme of Works for the Council's Operational Buildings		
Date of Meeting:	23 March 2017		
Report of:	Executive Director for Economy, Environment & Culture		
Contact Officer:	Name:	Angela Dymott Martin Hilson	Tel: 29-1450 29-1452
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 To report upon the proposed 2017-18 allocation of essential repair works to civic offices, historic, operational and commercial buildings within the Corporate Planned Maintenance Budget of £2,768,950 and the Social Care Planned Works Budget of £500,000.
- 1.2 These budgets relate to those buildings where the council has a repairing liability but excludes council housing, highways and educational establishments which have their own budgetary provisions.

2. RECOMMENDATIONS:

- 2.1 That Policy & Resources Committee—
 - (i) approve the annual programme of planned maintenance works as detailed in Appendices 2 and 3, at a total estimated cost of £3,268,950; and
 - (ii) grant delegated authority to the Assistant Director of Property & Design to procure the planned maintenance works and enter into contracts within this budget, as required, in accordance with Contract Standing Orders.

3. CONTEXT/ BACKGROUND INFORMATION

Asset Management

- 3.1 The council's Corporate Property Strategy & Asset Management Plan 2014-2018 (CPS & AMP) sets out the property context for Brighton & Hove, the council's

strategic property objectives, and is available for download from the Council's website.

- 3.2 The Corporate Building Maintenance Strategy 2015-2018 that supports the CPS & AMP, is an appendix of the AMP and sets out a robust strategic framework to deliver the key property objective to optimise the contribution that property makes to the council's priorities and strategic and service objectives. The aim is to ensure that finite maintenance resources are invested through prioritisation and targeted at our key operational assets to meet service delivery needs and maintain the value of our key assets.
- 3.3 Like most local authorities, the council faces a backlog in its required maintenance, extreme budget challenges and our small and limited maintenance budgets are inadequate for the need. Financial controls applied in recent years have meant substantial cuts in what can be achieved with the annual programme, that in turn increases our prioritised volumes of required maintenance. This is further compounded by this planned maintenance budget being squeezed on both sides. Firstly, there is no formalised capital investment programme that sits above this budget to replace life-expired buildings and structures. Secondly, savings in recent years taken from routine servicing budgets has meant less work is able to be funded from those budgets.
- 3.4 We aim to ensure best use of resources, value for money and that funding is properly prioritised. The CPS & AMP and Corporate Building Maintenance Strategy further details the way in which the council manages the required maintenance of its property assets and is the basis used for prioritising and setting this annual programme of works. The Workstyles programme ensures our key administration buildings are refurbished and we dispose of our unsuitable buildings. Under this programme we are minimising major repairs to buildings that are to be disposed, only addressing emergency priorities. This helps to reduce carbon emissions from our estate. This principle is applied to all operational buildings/sites that are being considered for disposal, alternative use and delivery models, redevelopment and major investment. Examples being the King Alfred and the Brighton Centre. With reducing budgets and financial controls on all bar essential maintenance, it is a major challenge to try to ensure that certain buildings and structures do not bring down the appearance and reputation of the City.
- 3.5 This annual planned maintenance budget allocation is prioritised in consultation with Client Officers to address the more critical and essential maintenance works to support service re-design and delivery. It also aims to ensure that statutory compliance works and as many higher risk Health and Safety issues as possible are addressed. Essential maintenance also includes works of a structural nature and those that keep our buildings watertight.
- 3.6 In accordance with the council's 50 year lease agreement with the trustees of the Dome Complex that commenced in 1999, £202,950 has been top-sliced from the budget to contribute to a sinking fund for maintenance liabilities at the Dome. There is an obligation within the lease agreement that the council provides a contribution to a sinking fund each year (that increases by RPI) to maintain the fabric of the building including major items of plant and the budget for this is included in the Corporate Planned Maintenance Budget. It is proposed that the

buildings within the Royal Pavilion and Museums portfolio be leased to a new charitable trust for a period of 25 years from April 2018, with the City Council retaining the freehold of the buildings. The City Council would continue to maintain the buildings on behalf of the new trust. Funding is likely to be ring-fenced within this budget for 2018-19 onwards with the trust financing the additional required level of repairs and maintenance to the properties from the income it generates.

Corporate Landlord Function

- 3.7 The council's property is managed strategically and operated through a mixed economy Corporate Landlord model that centralises the council's property functions to the professional teams in Property & Design. The aim is to make best use of our assets and improve the utilisation, efficiency and effectiveness of our land and buildings. This is supported by the Council's new asset data management software Atrium that centralises all property related information. Further condition surveys are planned to be undertaken in 2017 to ensure a robust assessment of the council's 5-year requirement for planned maintenance.

Procurement of Planned Maintenance

- 3.8 Contract Standing Orders sets out the mechanism for the procurement of works. The Construction Professionals within Property & Design have streamlined the way we procure planned maintenance through a wide range of collaborative processes. Achieving the best use of every pound spent, and reducing risk within the financial restrictions, is largely dependent upon adopting the right form of procurement for each given situation. Larger value projects are procured and delivered through the council's Strategic Construction Partnership. For mid-value projects we have used cross-authority frameworks working in close collaboration with Orbis partners, district and borough councils, housing associations, Health Trusts, Universities, East Sussex Fire and Rescue and Sussex Police. This is likely to increase as we build upon existing partnerships with the Orbis partnership arrangement. Lower value planned maintenance projects that are well defined, simplistic in nature, are procured using traditional competitive tendering to achieve best value through testing competition within the market. Where appropriate for works below £25,000 Property & Design's reactive repairs and minor works framework is utilised.

Procurement of Term Maintenance & Servicing Contracts

- 3.9 This budget includes an allocation to fund routine maintenance and servicing contracts, an integral part of good planned maintenance practice. This includes mechanical and electrical, lifts and water hygiene maintenance. One of the main benefits of the adoption of the Corporate Landlord model is the economy of scale, efficiencies and ease of management through the combination and retendering of several, smaller, similar contracts.

Summary of Annual Programme

- 3.10 The financial allocation to each Client area is listed within appendices 2 and 3. Examples of planned maintenance works in the corporate programme include external repairs and redecoration to the Royal Pavilion, cemetery buildings and Hove Museum. Seafront railings are redecorated on a rolling programme with Hove seafront being the next priority. There are sums to fund further structural propping to Madeira Terrace whilst solutions are being sought. A contribution supports glazing replacement at the Prince Regent Leisure Centre. Stonework repairs are planned for the Old Steine War Memorial. There are various allocations that support the replacement of life expired mechanical and electrical systems across the buildings. Each Client area also has a sum allocated for Health and Safety management works that helps support service providers to progress any prioritised remedial works throughout the course of a year. Examples of areas of work to the adult and children's Social Care portfolio include a variety that address risk reduction to support some of the most vulnerable; such as improving security, resurfacing and redecorations. There are also allocations to fund external repairs and redecorations.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Failure to maintain our building stock and conform to Health and Safety and other statutory legislation to meet liabilities will increase risks, inhibit service delivery, may lead to a negative perception of the council, reduce the value of the assets and prevent fulfilling the council's priorities, aims and objectives as stated in the CPS & AMP and Corporate Plan.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Regular consultations take place with all Client Officers of the relevant Directorates and with technical officers.

6. CONCLUSION

- 6.1 To approve the financial allocation to a prioritised annual programme of maintenance works to the operational buildings set out in Appendices 2 and 3 excluding council housing, highways and educational properties which have their own budgetary provisions.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The council's Planned Maintenance Budget for 2017-18 provides a total of £2.769m for annual planned maintenance expenditure on the council's civic offices, historic, operational (excluding schools, housing, highways and social care) and commercial buildings. Included within this annual budget and overall programme of works are items that will be capitalised and included in the 2017-

18 capital programme. A permanent annual contribution toward the Dome Complex sinking fund of £0.203m has been top sliced from the Corporate Planned Maintenance Budget. The proposed budget allocation to the respective building portfolios reflects the risk prioritisation outlined in the report and is shown in Appendix 2 to this report.

- 7.2 The Planned Maintenance Budget will be met from a combination of revenue budget and capital borrowing (£0.5m). By funding part of the PMB through borrowing the Integrated Service & Financial Plans have been able to release £0.4m of revenue budget from the PMB allocation toward the 2017/18 savings target. Up to £0.1m of the budget is set aside to meet future years borrowing costs. It is projected that £0.036m will be required for 2017/18 financing costs allowing the balance of £0.064m to be held as a contingency for the schedule of works identified in Appendix 2.
- 7.3 The council's capital funded works programme provides an additional £0.5m, for essential repair works to Social Care premises. The proposed budget allocation is shown in Appendix B to this report. This is funded from borrowing with the financing costs met corporately within the general fund revenue budget.
- 7.4 The programme of works set out in the appendices can be funded from within the agreed budget allocations for 2017-18. Emerging compliance risks will be addressed by reprioritising the allocation as required. Risk and priorities will be reassessed and considered in the development of the allocation for 2017-18.

Finance Officer Consulted: Rob Allen

Date: 10/02/17

Legal Implications:

- 7.5 Works of repair set out in this report must comply with relevant lease conditions, health and safety and other applicable legislation. Framework agreements, with individual contracts being called off under the frameworks and partnering agreements are effective contractual tools for delivering construction contracts on time within budget. All forms of procurement outlined in this report must comply with the council's Contract Standing Orders and, where applicable, EU and UK public procurement obligations.

Lawyer Consulted: Isabella Sidoli

Date: 11/01/17

Equalities Implications:

- 7.6 Where applicable, items of maintenance work within the programme will consider the Equality Act 2010 to improve access and general facilities to address the diverse needs of staff and users of the civic offices, operational and commercial buildings.

Sustainability Implications:

- 7.7 Sustainability will be improved through the rationalisation of assets, associated infrastructure and environmental improvements. Energy efficiency measures are incorporated into maintenance works where appropriate.

Any Other Significant Implications:

- 7.8 The maintenance of operational properties is part of the Corporate Property Strategy & Asset Management Plan 2014-2018 to ensure efficient and effective use of assets contributing to the City and the council's strategic priorities.

SUPPORTING DOCUMENTATION

Appendices:

1. Other Implications:
2. Proposed Corporate Planned Maintenance Budget Allocation 2017-18
3. Proposed Social Care Planned Works Budget Allocation 2017-18

Documents in Members' Rooms

None

Background Documents

1. The Corporate Property Strategy & Asset Management Plan 2014-2018
2. The Corporate Building Maintenance Strategy 2015-2018

Crime & Disorder Implications:

- 1.1 There are no direct implications in respect of the prevention of crime and disorder within this report although certain items of work try to minimise vandalism through design and the use of relevant materials.

Risk and Opportunity Management Implications:

- 1.2 The risks and opportunities are dependent on the successful procurement of contractors and robust contract and financial management to ensure that works are completed safely within budget and programme. Corporate risk is reduced through the Corporate Landlord model, ensuring consistency of approach for statutory and other legal requirements.

Public Health Implications:

- 1.3 The allocation includes funding the Water Management, Mechanical, Electrical and Lift statutory compliance and servicing contracts. Failure to have robust processes to manage these risks could lead to significant public health implications e.g. proliferation of Legionella Bacteria, etc. Both the Corporate and Social Care programmes include prioritised works to reduce risk to public health e.g. structural improvements, internal decorations to improve hygiene in Social Care premises, etc.

Corporate / Citywide Implications:

- 1.4 The maintenance and repair of operational properties is part of the Corporate Property Strategy & Asset Management Plan 2014-2018 to ensure efficient and effective use of assets contributing to the City and the council's strategic priorities.

Proposed Corporate Planned Maintenance Budget Allocation 2017-18

Property Type	Examples of works / properties covered	Client Officer	Budget Allocation
Corporate - Building	Asbestos testing & fees	All	£58,500
Corporate - Fabric maintenance contracts, Mechanical and Electrical	Clearance of roofs, gutters, graffiti removal, boilers, legionella control, lifts, electrical testing & maintenance	All – corporate contracts cover all property types - historic, leisure, libraries, Brighton Centre etc.	£800,000
Historic	Royal Pavilion, 4/5 Pavilion Buildings, Brighton & Hove Museums	Tim Thearle	£430,000
Dome	General maintenance	Dome	£202,950
Leisure	Prince Regent, paddling pools, golf clubhouses & Withdean complex	Kerry Taylor	£223,000
Libraries	Various libraries	Sally McMahon	£55,000
Seafront	Seafront repairs & redecoration, Volks Railway & Madeira Terrace	Toni Manuel	£415,500
Amenity	Parks buildings, cemeteries & memorials	Andrew Batchelor	£95,000
Civic	Bartholomew House & Brighton Town Hall	Martin Hedgecock	£160,500
Hollingdean Depot	Hollingdean Depot	Tracy Phipps	£50,000
Commercial	Industrial House & misc. Landlord obligations	Jessica Hamilton	£119,000
Venues	Brighton Centre	Howard Barden	£159,500
TOTAL			£2,768,950

Proposed Social Care Planned Works Budget Allocation 2017-18

Property Type	Examples of works covered	Prioritisation	Budget Allocation
Social Care Premises	Mechanical heating improvements to 55 Drove Road, Wellington House, etc	Condition survey & energy efficiency measures	£129,000
	Internal Refurbishment to Knoll House, Children's Centres, Tudor House, etc.	Statutory & condition survey	£83,000
	External Refurbishment to Children's Centres, Wayfield Avenue, etc.	Condition survey	£263,000
	Fire Precautions – works to be prioritised through fire risk assessments	Statutory	£15,000
	Electrical lighting improvements at Wayfield Avenue.	Condition survey	£10,000
TOTAL:			£500,000