

Brighton & Hove City Council

Strategy, Finance & City Regeneration Committee

Agenda Item 121

Subject: Annual Planned Maintenance Budget and Asset Management Fund Allocations 2024-25 for the Council's Operational Buildings

Date of meeting: 14 March 2024

Report of: Executive Director for Economy, Environment & Culture

**Contact Officer: Name: Angela Dymott
Martin Hilson
Peter Togneri**

**Email: angela.dymott@brighton-hove.gov.uk
martin.hilson@brighton-hove.gov.uk
peter.togneri@brighton-hove.gov.uk**

Ward(s) affected: All

For general release

1. Purpose of the report and policy context

- 1.1 To seek approval for the annual revenue budget allocation and programme of maintenance, improvements and Health & Safety works for the Council's operational property portfolio. The report details the allocations for two budget areas: The Planned Maintenance Budget ("PMB") and the Asset Management Fund ("AMF").
- 1.2 The Planned Maintenance Budget that covers essential repair works to civic offices, historic, operational, commercial and environment buildings consists of a combined revenue and capital budget of £3,504,740 and a Social Care Planned Works Budget of £500,000, totalling £4,004,740.
- 1.3 The annual Asset Management Fund is a capital budget for property improvements and health & safety works totalling £1,000,000.

2. Recommendations

That Committee;-

- 2.1 Approves the annual programme of planned maintenance works for the Planned Maintenance Budget as detailed in Appendices 1 and 2, at a total estimated cost of £4,004,740.
- 2.2 Approves the Asset Management Fund allocation for 2024-25 totalling £1,000,000, as detailed in Appendix 3 of this report.
- 2.3 Agrees to delegate authority to the Executive Director Economy, Environment & Culture and Assistant Director Property & Design to take all necessary steps to

procure the Planned Maintenance Budget works and Asset Management Fund improvement works and award contracts within these budgets.

3. Context and background information

Asset Management

- 3.1 The council's Corporate Property Strategy & Asset Management Plan sets out the property context for Brighton and Hove, the council's strategic property objectives, and is available on the council's website. The Corporate Property Strategy & Asset Management Plan is to be refreshed.
- 3.2 The council's property is managed strategically and operated through a mixed economy Corporate Landlord Model that centralises the council's property functions to professional teams in Property & Design within the Economy, Environment and Culture Directorate. The aim is to make best use of council assets to support corporate objectives and improve the utilisation, efficiency and effectiveness of our land and buildings. This is supported by the council's property asset data and systems that help to inform the process.
- 3.3 Rolling condition surveys are undertaken to ensure a robust assessment of the council's 5-year requirement for planned maintenance to help prioritise future programmes of work in conjunction with internal Client's future service delivery plans.

Planned Maintenance Budget

- 3.4 This budget of £4,004,740 relates to those operational buildings where the council has a repairing liability but excludes council housing, highways, farm buildings and educational establishments that have their own budgetary provisions. It includes the Environment buildings, planned budget of £110,500 for parks and recreation ground buildings, adopted cemetery walls, etc.
- 3.5 The Capital Investment Strategy for 2024/25 includes a commitment to support essential maintenance works to a number of higher priority buildings. Funding to support the Planned Maintenance Budget and Asset Management Fund was approved at Budget Council on 22 February 2024. Details of the sites, the nature of the maintenance works and contributions are detailed in Appendix 1.
- 3.6 The Brighton Centre requires essential maintenance works estimated at £4.0m. This has been included in the Council's Capital Investment Programme and is separate from this Planned Maintenance Budget to enable the Client, the budget holder, to target their wider service priorities. The main areas of spend in the first 2 years, 2024-25 being year two, are essential roof, mechanical and electrical works. The works are profiled at £1.0m spend per year for a 4-year period.
- 3.7 The Corporate Building Maintenance Strategy sets out a robust framework to deliver the key property objective to optimise the contribution to the Council's priorities and strategic and service objectives. The aim is to ensure that finite maintenance resources are prioritised and targeted at our key operational assets. In line with the Budget Strategy to reduce the Council's overall footprint, the Assistant Director of Property & Design and Head of Estates are driving a

cross-council Operational Asset review across all Directorates to focus thinking on buildings that fit with future service delivery plans and possible disposals. This covers all Corporate PMB and Social Care PMB buildings as well as others e.g. FCL non-school properties. As well as condition requirement over a 5-year period and an assessment of Suitability for Clients, reactive, term maintenance, energy efficiency is also considered. Where possible income generation is anticipated through either disposal for a capital receipt or revenue from rental.

- 3.8 Like most local authorities, the Council faces an unsustainable backlog in its required planned maintenance, extreme budget challenges and our small and limited maintenance budgets are inadequate for the need. Financial controls applied over a number of years have meant substantial cuts in what can be achieved, that in turn increases our prioritised volumes of required maintenance with associated risk.
- 3.9 The inadequate planned maintenance budget issue is compounded by the reactive maintenance budget also being significantly short for effectively maintaining the large and complex Corporate Landlord portfolio to a respectable standard. For several years, strict spending restrictions have been put in place to limit spending and prevent exceeding the budget whereby only urgent, Health and Safety issues are addressed. This results in a cumulative effect of buildings not being maintained to a good standard, which significantly impacts building user morale and revenue generating potential. In the long run, more money is then spent on dealing with emergency and planned maintenance projects. These become larger in scope and cost rather than addressing issues in a more timely and proactive manner when they are small and first realised.
- 3.10 The annual planned maintenance budget allocation is prioritised in consultation with service client officers to address the highest critical and most essential maintenance works and supports service re-design and delivery. It also aims to ensure that statutory compliance works, and high-risk Health and Safety issues are addressed. Essential maintenance includes works of a structural nature and those that keep our buildings watertight. Officers aim to ensure best use of resources available, value for money and that funding is prioritised. A substantial part of the planned maintenance budget covers the costs of statutory compliance testing, routine servicing and maintenance contracts as detailed in Appendix 1.
- 3.11 In accordance with the Council's 50-year lease agreement with the trustees of the Brighton Dome Complex on the Royal Pavilion Estate that commenced in 1999, a figure estimated at £288,697 has been top sliced from the budget to a sinking fund to contribute towards maintenance works at the Dome. There is an obligation within the lease agreement that the Council provides a contribution to this sinking fund each year (that increases by Retail Prices Index) to go towards helping to maintain the fabric of the building, items of plant, statutory compliance testing, routine servicing, etc.
- 3.12 The Royal Pavilion & Museums buildings transferred to the Royal Pavilion & Museums Trust on a 25-year contract on 1st October 2020. The lease arrangements mean that the Trust is fully responsible for all forms of external and internal maintenance, health and safety and compliance for the leased buildings. To financially contribute towards the upkeep of these Council buildings, the Council retains an annual sum within this budget for a planned

programme to be prioritised and agreed between the Trust and Property & Design. For 2024-25 the estimated sum allocated is £443,070 for planned maintenance and £61,940 for term, statutory and reactive contracts; a total estimated sum of £505,010 from this budget and a further estimated contribution of £121,990 from capital reserves and delegated budgets to support the total maintenance commitment to the Trust.

Summary of the Proposed Annual 2024/25 Planned Maintenance Budget Programme of Works

- 3.13 The financial allocation to each main service client area is listed within Appendices 1 and 2. For Corporate Landlord (“CL”) premises the PMB is primarily used for works relevant to but not exclusive to for example, safe Legionella Management and water monitoring, passenger and goods lifts, boiler refurbishments and replacements, electrical installations, fire and intruder alarms, automatic doors etc. In the case of Freedom Leisure CL would only be responsible for the replacement of main plant i.e. boiler or air handling plant and main structural repairs of the premises i.e. roofs and floors. The provision of cyclical maintenance and reactive repairs remains the responsibility of Freedom Leisure. Flexibility is available during the year to reprioritise the programme to meet any changing service priorities, spending restrictions and respond safely to any local Covid outbreaks or similar emergency requirements within specific buildings.
- 3.14 There are sums to fund the ongoing structural propping and engineer checks to Madeira Terraces whilst the major project of refurbishment develops. Each service client area also has a sum allocated for Health and Safety risk management works that is to address any unforeseen required remedial works throughout the course of the year.
- 3.15 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 roof repairs, structural works, window repairs and internal and external redecorations.

The Asset Management Fund

- 3.16 The Asset Management Fund 2024-25 is a capital fund of £1,000,000 to support property improvements, property related Health & Safety requirements and access improvements under the Equality Act 2010. It forms part of the corporate Capital Strategy 2024-25 along with the Strategic Investment Fund of £250,000 and the Information, Technology & Digital Fund of £500,000.
- 3.17 The proposed overall Asset Management Fund allocation is as follows and details of the bids can be found in Appendix 3 which includes support for a computer aided facilities management system to support compliance of our operational buildings, a breakdown of the reprioritised Workstyles programme, important health & safety improvements to major operational buildings, and property related health & safety and Equality Act requirements:

Table 1 Asset Management Fund - Programme Allocations for 2024-25

| Description | Asset Management Fund |
|--|-----------------------|
| | Funding £m |
| 1. General Property Improvements | |
| 1a Computer Aided Facilities Management (CAFM) System | 0.225 |
| 1b Corporate core buildings – security, customer centres Energy Performance Certificates | 0.105 |
| 1c Workstyles - Corporate programme project support, service delivery changes, Operational Accommodation strategy | 0.250 |
| 1d Estates - Project management to support delivery of budget savings across services | 0.050 |
| Subtotal general property improvements | 0.630 |
| 2. Equality Act Improvements | |
| 2a Rolling programme of access improvements to corporate Buildings- incl Hove Town Hall evacuation lift and Accessible WC provision / changing places to various locations | 0.180 |
| 3. Property Related Health & Safety Legislation | |
| 3a Asbestos Management | 0.020 |
| 3b Legionella Management | 0.020 |
| 3c Fire Risk Assessment Works | 0.150 |
| Subtotal Equality Act & property related Health & Safety | 0.370 |
| TOTAL OVERALL | 1.000 |

Procurement of Works

- 3.18 The Council’s Contract Standing Orders set out the Council’s process for the procurement of building works. Larger value projects are delivered through the most appropriate procurement route as determined by the project team in collaboration with the appointed procurement lead. Planned maintenance projects are procured predominantly through frameworks set up in collaboration with East Sussex County Council colleagues. There are seven planned maintenance framework Lots for varying values of building works, mechanical, electrical, roofing and asbestos removal. These are currently being re-procured. Where appropriate for works below £15,000 Property & Design’s reactive repairs and minor works framework is utilised.
- 3.19 The seven planned maintenance framework Lots create added and social value to the city with an increased benefit to our local economy and environment. There is an increased focus on sustainability with officers and contractors working collaboratively to drive efficiencies leading to reduced cost and, waste, maximising innovation through the supply chain, mitigating risk through joint management and striving for continuous improvement over the four years of the frameworks.

- 3.20 The Planned Maintenance Budget includes an allocation to fund Measured Term Contracts for cyclical statutory testing, routine servicing and maintenance contracts, an integral part of good, planned maintenance practice. This includes mechanical and electrical, lifts and water hygiene cyclical maintenance. It is intended to utilise contracts procured by BHCC in collaboration with colleagues at East Sussex County in 2020 to carry out these works. These are fixed priced contracts for a period of 4 years with the option to extend for a further 2 years subject to satisfactory performance and value for money. A sum of £827,511 is required to fund these statutory compliance cyclical Mechanical and Electrical services and building fabric contracts.

4. Analysis and consideration of alternative options

- 4.1 For the Planned Maintenance Budgets failure to provide any maintenance to our building stock, conform to Health and Safety and other statutory legislation to meet liabilities will increase existing risks, inhibit service delivery, 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 Asset Management Plan and Council Plan. Property teams work closely together to ensure that these programmes of work align with services and the limited funding prioritised to meet Client service objectives.
- 4.2 For the Asset Management Fund, failure to improve the council's core office accommodation, address property related access obligations under the Equality Act 2010 and property related Health & Safety legislation would increase council risks and liabilities, inhibit service delivery, may lead to a negative perception of the council, reduce the value of our assets and prevent fulfilling the council's priorities, aims and objectives as stated in the Asset Management Plan and the corporate priorities in the Council's Plan.

5. Community engagement and consultation

- 5.1 Consultations have taken place with all service Client officers of the relevant Directorates and with technical officers within Property.
- 5.2 The Workstyles programme will involve extensive internal and external consultations on customer and service delivery requirements. This includes extensive engagement with community stakeholders and residents affected by the Moulsecoomb Hub works and supporting widespread consultation of staff through the Future Ways of Working programme and Operational Accommodation Strategy.
- 5.3 The procurement of planned maintenance frameworks and the cyclical, term and reactive contracts as set out above was reported to the Procurement Advisory Board and subsequently to Policy and Resources Committee on 10th October 2019. They frameworks are currently being reprocured.

6. Conclusion

- 6.1 This report sets out the proposed financial allocation to a prioritised annual programme of planned maintenance works to the operational buildings set out in Appendices 1 and 2 excluding council housing, highways and those

structures falling on highway land, educational properties, car parks, public conveniences, city parks roadways and paths, city clean messrooms, hostels, etc which have their own budgetary provisions.

- 6.2 This report also sets out the proposed Asset Management Fund financial allocation as detailed at paragraph 3.18 and Appendix 3 for property improvements, access requirements under the Equality Act 2010 and property related Health & Safety requirements for 2024-2025.

7. Financial implications

- 7.1 The council's Planned Maintenance Budget for 2024-25 provides a total £4,004,740 for annual planned maintenance expenditure on the council's civic offices, historic, operational (excluding schools, housing and highways) social care buildings, environmental buildings and commercial buildings. Included within this annual budget and overall programme of works are items that will be capitalised and included in the 2024-25 Capital Investment programme. A permanent annual contribution toward the Dome Complex sinking fund estimated at £288,697 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 1 to this report.
- 7.2 The Planned Maintenance Budget will be met from a combination of revenue budget and capital borrowing. The borrowing costs have been factored into the Medium-Term Financial Strategy.
- 7.3 The council's capital funded works programme provides £500,000, for essential repair works to Social Care premises. The proposed budget allocation is shown in Appendix 2 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 2024-25. 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 2024-25.
- 7.5 The General Fund Revenue Budget, Capital & Treasury Management Strategy 2024-25 report presented to Budget Council on 22 February 2024 recommended the allocation of £1,000,000 capital resources to support the Asset Management Fund 2024-25. The Asset Management Fund allocation will be met from capital receipts funding. The Asset Management Fund allocations will be incorporated into the council's Capital Investment Programme 2024-25 to support the schemes identified within the table at paragraph 3.17 and Appendix 3.
- 7.6 Any revenue budgets and running costs associated with the investments in this report will be met from existing budgets.

Name of finance officer consulted: Rob Allen Date consulted: 15/02/24

8. Legal implications

- 8.1 The works contemplated by this report must comply with relevant lease conditions, health and safety and other applicable legislation. All forms of procurement outlined in this report must comply with the Council's Contract Standing Orders and public procurement regulations.
- 8.2 The access improvement works proposed will assist the Council in meeting its obligations under The Equality Act 2010.

Name of lawyer consulted: Siobhan Fry Date consulted: 15/02/24

9. Equalities implications

- 9.1 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.
- 9.2 The provision of on-going access works under the rolling programme will assist in the council in meeting requirements under the Equalities Act 2010.

10. Sustainability implications

- 10.1 The council will consider how best to undertake the planned programme in a responsible, sustainable way. Projects within the planned programme are mainly procured through the building maintenance frameworks. The contractors on each framework had to demonstrate that they would minimise waste, meet targets for reductions in waste to landfill and optimise the recovery, reuse and recycling of waste. In addition to this they had to describe the steps they will take to minimise the use of resources (water, fuel, energy from fossil fuels) and improve sustainable sourcing. Energy efficiency measures are incorporated into maintenance and improvement works whenever appropriate to help the council meet its CN2030 target.
- 10.2 Energy efficiency audits have been carried out across selected buildings within the operational estate that are the largest contributors to the council's carbon emissions. These audits identified opportunities for energy efficiency measures that will be prioritised into a programme of works and an investment strategy working towards a carbon zero position in 2030. Additionally, identified energy efficiency measures can be implemented in conjunction with programmed planned maintenance works where appropriate.

11. Other Implications

Social Value and procurement implications

- 11.1 The seven planned maintenance framework Lots create added and social value to the city with an increased benefit to our local economy and environment. Officers continue to flag social value opportunities to the relevant framework contractors. An example to date is supporting the flint wall repair works at

Woodvale Crematorium undertaken by Probation Services with contractor donations of building materials and a mixer.

Crime & disorder implications:

- 11.2 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.

Public health implications:

- 11.3 Health and Wellbeing will be assessed for each improvement and will be addressed through the allocation funding for 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. and to ensure Covid government guidelines are met.
- 11.4 Works to council properties to ensure the water management of the council's property portfolio is meeting the requirements of the Approved Code of Practice ensures public health requirements are met with regard to Legionella and asbestos management.
- 11.5 The Equality Act proposed improvements will aim to address both physical and sensory barriers to better enable access to services within corporate buildings.

Supporting Documentation

1. Appendices

- 1. Proposed Corporate Planned Maintenance Budget Allocation 2024-25
- 2. Proposed Social Care Planned Works Budget Allocation 2024-25
- 3. Proposed Asset Management Fund Allocation 2024-25 - Detail of Allocations

2. Background documents

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

