

Brighton & Hove City Council

Cabinet

Agenda Item 180

Subject: Planned Maintenance Budget and Asset Management Fund Allocations and Education Capital Resources and Capital Investment Programme 2025-2026

Date of meeting: 20 March 2025

Report of: Cabinet Member for Finance & City Regeneration

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Ward(s) affected: All Wards

Key Decision: Yes

Reason(s) Key: Expenditure which is, or the making of savings which are, significant having regard to the expenditure of the City Council's budget, namely above £1,000,000 and is significant in terms of its effects on communities living or working in an area comprising two or more electoral divisions (wards).

1 Purpose of the report and policy context

- 1.1 The purpose of the report is to inform the Cabinet of the level of available capital resources allocated to support education buildings and to recommend a capital programme for 2025/26 in respect of School Condition Allocations (SCA), Basic Needs and High Needs Provision Capital Allocation (HNPCA) funding.
- 1.2 The report also seeks approval for the annual revenue budget allocation and programme of maintenance, improvements and Health & Safety works for the council's operational property portfolio. In this respect, the report details the allocations for two budget areas: The Planned Maintenance Budget ("PMB") and the Asset Management Fund ("AMF").
- 1.3 The Planned Maintenance Budget (PMB) covers essential repair works to civic offices, historic, operational, commercial and environmental buildings and consists of a combined revenue and capital budget of £3,941,940 and a Social Care Planned Works Budget of £500,000, totalling £4,441,940 for 2025/26.
- 1.4 The annual Asset Management Fund (AMF) is a capital budget for property improvements and health & safety works totalling £1,000,000.

2 Recommendations

- 2.1 Cabinet notes the level of available capital resources totalling £4.200m for investment relating to education buildings.
- 2.2 Cabinet agrees the allocation of funding as shown in Appendix 1 for inclusion within the council's Capital Investment Programme 2025/26.
- 2.3 Cabinet grants delegated authority to the Director of Property & Finance to procure the capital maintenance and basic need works required, as set out in Appendix 1, and enter into contracts in accordance with Contract Standing Orders.
- 2.4 Cabinet approves the annual programme of planned maintenance works within the Planned Maintenance Budget as detailed in Appendix 2, at a total estimated cost of £4,441,940.
- 2.5 Cabinet approves the allocations from the Asset Management Fund for 2025-26, totalling £1,000,000, as detailed in Appendix 3.
- 2.6 Cabinet delegates authority to the Director of Property & Finance to take all steps necessary to procure the Planned Maintenance Budget works and Asset Management Fund improvement works and award contracts within these budgets and in accordance with Contract Standing Orders.

3 Context and background information

Education Capital Resources and Capital Investment Programme

- 3.1 The annual capital finance settlement for education buildings from central government includes Basic Need, School Condition Allocations (SCA), High Needs Provision Capital Allocations (HNPCA) and Devolved Formula Capital (DFC) for community schools.
- 3.2 Capital finance for Voluntary Aided Schools, academies and free schools does not form part of the funding allocated to local authorities as they have access to the separate Condition Improvement Fund administered by the Department for Education (DfE).
- 3.3 The table below shows the allocations of capital grant funding announced for 2025/26 only and does not include any 2024/25 capital grant forecast to be re-profiled into 2025/26.

Capital Grant Settlement 2025/26	£m
School Condition Allocation (SCA)	£3.700 *
Basic Need Funding	£0
High Needs Provision Capital Allocation	£0

Devolved Formula Capital Grant (Passported entirely to schools)	£0.500 *
Total	£4.200*

* To be confirmed. Estimate based on 2024/25 allocation.

- 3.4 In lieu of a final announcement the expectation is that there will be no appreciable difference to the allocation for the 2025/26 financial year and therefore it is assumed that the SCA will be £3.700m and the Devolved Formula Capital (DFC) allocation will remain at £0.500m. This is considered to be a prudent assumption and a reserve list of works has been compiled in case the actual settlement is higher than anticipated. This is common practice and enables works and contracts to be set in train without unnecessary delay while waiting for final confirmation of the settlement. As in previous years, a formal variation to the capital programme will be approved through Targeted Budget Management reports to Cabinet if the final settlement is above or, very unlikely, below the assumed funding level.
- 3.5 In March 2022 the Government updated their medium-term allocation figures for Basic Need capital funding for 2025/26 setting the level at £nil for this authority.
- 3.6 HNPCA funding for the 2025/26 financial year may be contingent on the outcomes of future Spending Reviews. HNPCA for next year cannot therefore be guaranteed; consequently this is included in the table as a zero allocation at this time.
- 3.7 DFC grants are passed directly to schools and therefore are not available for the Local Authority to spend.
- 3.8 In addition to the funding from central Government, there is a Services to Schools buy back option for the council's strategic property function to provide schools with a full condition survey, statutory compliance contracts and access to advice and support on all property matters. It is anticipated that this will generate £0.600m for the 2025/26 financial year. There is a forecast drop in income next year as a result of the anticipated academisation of the Orchard Schools Partnership and the closure of two one form entry primary schools.
- 3.9 This service buy-back resulted from a change in the rules around the ways in which schools were funded in 2017/18. As a result of this change a buy-back scheme was created for schools. Since the change, all community schools have purchased the service while Voluntary Aided schools buy a partial service (in recognition of their different status with the council when it comes to property) and the free schools and academies do not buy the service due to their direct relationship with the DfE. It is for this reason that the total buy-back amount has reduced over time.
- 3.10 The table below shows the level of new resources available for the Local Authority to commit in the 2025/26 financial year:

Capital Resources 2025/26	£m
Capital Finance settlement	£3.700
Services to Schools Income	£0.500
High Needs Provision Capital Allocation	£0.000
Total	£4.200

- 3.11 Additional grant funding may be made available throughout the forthcoming financial year and will be reported separately as appropriate.
- 3.12 Any capital reprofiles and/or slippage arising from the 2024/25 Capital Programme will be incorporated into the 2025/26 programme when the capital accounts are closed at 31 March 2025.
- 3.13 Any capital underspend arising from the 2025/26 Capital Programme will be incorporated into the 2026/27 programme when the capital accounts are closed at 31 March 2026.
- 3.14 In addition to the Capital Resources set out above, there is an existing pot of £4.085m of section 106 developer contributions for education. This is not intended for planned maintenance of schools but instead is to mitigate the impact on schools of new developments. There is an emerging programme of spend in place for this funding, and delivery of that expenditure will complement this education capital investment programme.

Planned Maintenance Budget (PMB) & Asset Management Fund (AMF)

- 3.16 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 the Finance & Property 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.
- 3.17 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 future service delivery plans.
- 3.18 The total available resources of £4.442m approved by Budget Council relate to those operational buildings where the council has a repairing liability but excludes council housing, highways, farm buildings and educational establishments (see earlier) that have their own budgetary provisions. It includes a planned budget of £0.111m for Environmental buildings in parks and recreation grounds, and adopted cemetery walls, etc.
- 3.19 The Corporate Building Maintenance Strategy sets out a robust framework to optimise the contribution that property can make to the council's priorities

and strategic and service objectives. The aim is to ensure that finite maintenance resources are prioritised and targeted at key operational assets. In line with the Budget Strategy to reduce the council's overall footprint, the Director of Property & Finance and Head of Strategic Property will drive a cross-council Operational Asset Review across all directorates to ensure that any investment in buildings fits with future service delivery plans and identifies any possible disposals. This applies to all corporate PMB and Social Care PMB buildings as well as others e.g. non-school properties in Families, Children & Well-being. As well as understanding condition survey requirements over a 5-year period and an assessment of alignment with Council Plan and Service priorities, reactive, term maintenance and energy efficiency implications are also considered. Where potential disposals, leasing or re-gearing are identified, income generation becomes a key consideration through either disposal for a capital receipt or generating revenue from rentals.

- 3.20 In common with the majority of local authorities, the council faces an unsustainable backlog in its required planned maintenance and severe budget challenges, resulting in the limited maintenance resources being inadequate to meet identified need. Budget limitations and restrictions applied over a number of years have therefore meant substantial restrictions on what can be achieved; that in turn increases prioritised volumes of required maintenance with growing associated risks.
- 3.21 Inadequate Planned Maintenance Budget resources are also compounded by reactive maintenance budgets also being under significant pressure for effectively maintaining the large and complex Corporate Landlord portfolio to a reasonable standard. For a number of years, necessary budget and spending restrictions have been put in place whereby only urgent, Health and Safety issues could be addressed. This has resulted in the cumulative effect of buildings not being maintained to a good standard, which can impact building user satisfaction and, potentially, revenue generating opportunities.
- 3.22 Ultimately, 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. Funding reform of Local Government is therefore important to not only to meet growing demands across services, but is also important to help councils be financially sustainable and avoid unnecessary future costs and liabilities in areas such as property maintenance.
- 3.23 The annual planned maintenance budget allocation is prioritised in consultation with services 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 buildings watertight. Officers aim to ensure best use of resources available, secure value for money and ensure 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 2.

- 3.24 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 £0.299m has been top-sliced from the PMB 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.
- 3.25 The Royal Pavilion & Museums buildings were 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-owned buildings, the council retains an annual sum within this budget for a planned programme to be prioritised and agreed between the Trust and the council. For 2025/26 the estimated sum allocated is £0.627m for PMB from capital reserves and delegated budgets to support the total maintenance commitment to the Trust.

Summary of the Proposed Annual 2025/26 Planned Maintenance Budget Programme of Works

- 3.26 The financial allocation to each main service area is listed within Appendix 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.
- 3.27 In the case of Freedom Leisure, the council 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.
- 3.28 Flexibility is available during the year to reprioritise the programme to meet any changing service priorities, spending restrictions and respond safely to any emergency requirements within specific buildings.
- 3.29 There are sums to fund the ongoing structural propping and engineer checks to Madeira Terraces whilst the major project of refurbishment develops. Each service 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.
- 3.30 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.

- 3.31 The Asset Management Fund 2025/26 is an annual capital fund of £1.000m to support priority property improvements, property related Health & Safety requirements and access improvements under the Equality Act 2010. It forms part of the corporate Capital Strategy 2025/26 along with the Strategic Investment Fund of £0.250m and the Information, Technology & Digital Fund of £0.500m.
- 3.32 The proposed overall Asset Management Fund allocation is as follows and details of the proposed allocations can be found in Appendix 4 which includes support for a computer aided facilities management system to support compliance of our operational buildings, a breakdown of the reprioritised Workspaces Innovation programme, important health & safety improvements to major operational buildings, and property related health & safety and Equality Act requirements:
- 3.33 **Table 1 Asset Management Fund - Programme Allocations for 2025/26**

Description	Funding £m
1. General Property Improvements	
1a Computer Aided Facilities Management (CAFM) System	0.150
1b Corporate core buildings – security, customer centres Energy Performance Certificates	0.100
1c Workspace Innovation Programme - Corporate programme project support, service delivery changes, Operational Accommodation strategy	0.130
Subtotal general property improvements	0.380
2. Equality Act Improvements	
2a Rolling programme of access improvements to corporate Buildings- incl. Hove & Brighton Town Hall evacuation lift and Accessible WC provision / changing places to various locations	0.355
3. Property Related Health & Safety Legislation	
3a Asbestos Management	0.040
3b Legionella Management	0.075
3c Fire Risk Assessment Works	0.150
Subtotal Equality Act & property related Health & Safety	0.620
TOTAL OVERALL	1.000

4 Analysis and consideration of alternative options

- 4.1 For Education Capital resources the allocations are driven by need assessed by DfE. Resources are not sufficient to clear all backlogs or meet all demands and are therefore prioritised according need, including health & safety requirements, and in consultation with schools.
- 4.2 For the Planned Maintenance Budgets, failure to provide maintenance of the council's building stock, conform to Health and Safety and other statutory legislation to meet liabilities would 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 is prioritised to meet service objectives and/or meet accessibility or health and safety requirements.

- 4.3 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 Regarding Education Capital investments, as individual projects are developed, the necessary consultation is undertaken and reported to the Cabinet Member or Cabinet depending on value and in accordance with Contract Standing Orders. As part of the Community Engagement Framework, consultation with school Heads is undertaken to establish where urgent works may be required.
- 5.2 Regarding PMB, consultations have taken place with all services and with technical officers across property functions.
- 5.3 The Workspace Innovation 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.
- 5.4 The procurement of planned maintenance frameworks and the cyclical, term and reactive contracts are either covered by the Procurement Forward Plan or, where a new requirement, will be reported to and considered by either the relevant Cabinet Member or Cabinet depending on value.

6 Financial implications

- 6.1 The report sets out the allocation of Education Capital resources included in the Capital Investment Programme 2025/26. The capital resources will meet ongoing capital maintenance requirements as well as addressing refurbishments, additional provision and other matters including SEND requirements.
- 6.2 The report details the resources available for investment into the Education Capital Investment Programme for 2025/26. The report includes assumed Government grant contributions for Education Capital Maintenance of £3.700m and Devolved Capital Formula of £0.500m which are subject to confirmation from the DfE in due course. Any change to this assumption from the final settlement will be reported in future TBM reports. The capital

resources include income estimated at £0.600m for 2025/26 that relates to Services to Schools buy-back associated with the strategic property function. This income will further assist with maintenance spend identified in this report.

- 6.3 The council's Planned Maintenance Budget for 2025/26 provides a total £4,441,940 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 2025/26 Capital Investment programme. As noted, a permanent annual contribution toward the Dome Complex sinking fund estimated at £298,675 has been top sliced from the Corporate Planned Maintenance Budget. The Royal Pavilion & Museums buildings will receive a contribution of £627,000. 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.
- 6.4 The Planned Maintenance Budget will be met from a combination of recurrent revenue resources and capital borrowing. The borrowing costs have been factored into the Medium-Term Financial Strategy.
- 6.5 The council's capital programme also provides £500,000, for essential repair works to Social Care premises. This is funded from borrowing with the financing costs met corporately within the General Fund capital financing budget.
- 6.6 The programme of works set out in the appendices can be funded from within the agreed budget allocations for 2025/26. 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 2025/26.
- 6.7 The General Fund Revenue Budget, Capital & Treasury Management Strategy 2025/26 to Budget Council approved the allocation of £1,000,000 capital resources to support the Asset Management Fund 2025/26. The Asset Management Fund allocation will be met from capital receipts. The Asset Management Fund allocations will be incorporated into the council's Capital Investment Programme 2025/26 to support the schemes identified within the table at paragraph 3.33 and Appendix 4.
- 6.8 Any running costs associated with the investments in this report will be met from existing budgets.

Finance officer consulted: John Lack Date consulted: 20/02/25

7 Legal implications

- 7.1 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.

- 7.2 The access improvement works proposed will assist the Council in meeting its obligations under The Equality Act 2010.

Lawyer consulted: Hannah Bassett

Date consulted: 27/02/2025

8 Risk implications

- 8.1 The key risks that need to be mitigated and regularly monitored are:
- a) Insufficient BHCC technical officer capacity to undertake and manage schemes. It is currently proposed to recruit suitably qualified staff to fill current vacancies.
 - b) Potential increases in scope from original briefs that could require additional funding. Early contact with schools needs to be established to ensure original briefs are accurate and no variations in scope are experienced.
 - c) Any delays to decision-making could result in general deterioration of assets that could prevent schools from running in a safe environment. This is supported by ensuring that condition surveys are done in a thorough and exhaustive manner to avoid the incidence of urgent works.

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 educational, 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 detailed planning of projects at educational establishments will take account of the implications of Brighton and Hove's policies in relation to sustainability issues generally.
- 10.2 The council will consider how best to undertake the planned programme in a responsible, sustainable way. Projects within the planned programme are procured using new building maintenance frameworks put in place in 2023/24. The successful contractors are required to demonstrate that they will minimise waste, meet targets for reductions in waste to landfill and optimise the recovery, reuse and recycling of waste. In addition to this they are required to describe the steps they will take to minimise the use of resources (water, fuel, energy from fossil fuels) and improve sustainable sourcing. The framework contracts include Performance Indicators in respect of sustainability and Environmental Management and these will be monitored on a quarterly basis.
- 10.3 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. Energy efficiency measures are incorporated into maintenance and improvement works whenever appropriate to help the council meet its CN2030 target.

- 10.4 The sustainability of projects is considered at the outset to ensure the best outcomes for the building and its users. The building works undertaken will improve the thermal performance of buildings overall. This can include items such as repointing, replacing curtain walling with aluminium systems which have better lifecycle costs, recyclability and energy efficiency. When replacing or refurbishing roofs the council looks to exceed Approved Document L requirements in terms of energy efficiency. The insulation installed when undertaking roofing works is rated A+ (the highest) in the BRE Green Specification Guide.

11 Health and Wellbeing Implications:

- 11.1 The safety and maintenance of properties, including appropriate checks e.g. legionella, contributes to the health and well-being of building occupants and users.

Other Implications

12 Procurement implications

- 12.1 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. Where appropriate for works below £15,000, the council's reactive repairs and minor works framework is utilised.
- 12.2 The 7 planned maintenance framework lots create added social value to the city with an increased benefit to the local economy and environment. There is an increased focus on sustainability by officers and contractors in line with the council's sustainable procurement policies.

13 Conclusion

- 13.1 Educational assets are required to be either replaced, upgraded or refurbished so that the schools can operate uninterrupted and without raising a risk to the welfare of staff and children. In order to maintain a safe environment, it is imperative to carry out these works as it could invalidate insurance terms and conditions.
- 13.2 The proposed financial allocations to a prioritised annual programme of planned maintenance works (PMB) are set out in Appendix 2. Note, this excludes areas such as council housing, highways and those structures

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

- 13.3 This report also sets out the proposed Asset Management Fund financial allocation as detailed at paragraph 3.33 and Appendix 3 for property improvements, access requirements under the Equality Act 2010 and property related Health & Safety requirements for 2025/26.

Supporting Documentation

Appendices

1. Proposed Education Capital Planned Maintenance Schemes 2025/26
2. Proposed Corporate Planned Maintenance Budget Allocations 2025/26
3. Proposed Asset Management Fund Allocations 2025/26
4. Proposed Social Care Planned Works Budget Allocations 2025/26