

<b>Subject:</b>	<b>Planned Maintenance Budget Allocation 2012-13 and Programme of Works for the Council's Operational Buildings</b>		
<b>Date of Meeting:</b>	<b>15 March 2012</b>		
<b>Report of:</b>	<b>Strategic Director Resources</b>		
<b>Lead Cabinet Member:</b>	<b>Cabinet Member for Finance and Central Services</b>		
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<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan No 21432</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. SUMMARY AND POLICY CONTEXT:**

- 1.1 To report upon the proposed 2012-13 allocation of improvement and repair works to civic offices, historic, operational and commercial buildings within the Corporate Planned Maintenance Budget of £3,560,000 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:**

That Cabinet:

- 2.1 Approve the financial allocation to an annual programme of works to the operational buildings at an estimated cost of £4,060,000 as detailed in Appendices A and B, in accordance with Financial Regulation A.5.6.7 and;
- 2.2 Grant delegated authority, where necessary, to the Strategic Director Resources to enter into contracts within this budget which are procured in accordance with Contract Standing Orders.

**3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 In 2008, the council published its updated Asset Management Plan & Corporate Property Strategy (AMP & CPS) for the period 2008 to 2011. The document sets out the property context for the City and the council's property function linked to the corporate priorities and strategic objectives. This document is updated annually at the end of each financial year and the 2009-10 update is on the council's website and will be reviewed and re published in 2012 setting out the context for the next 3 years
- 3.2 In 2009, in support of the AMP & CPS the council published its Corporate Building Maintenance Strategy 2009-2012. This document 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. This document is to be reviewed in 2012 in line with the AMP & CPS.
- 3.3 Every building where the council has a repairing obligation under the Planned Maintenance Budget is allocated a rating of S1 to S5 to reflect its strategic importance to the council as detailed in the Building Maintenance Strategy.
- S1 a Core Service Property 1 - a critical or high profile asset to be in the best possible condition.
- S2 a Core Service Property 2 - an asset that must be in good condition both operationally and aesthetically.
- S3 a Core Service Property 3 - an asset in reasonably good condition that meets operational and statutory requirements.
- S4 a Non-Core Service Operational Property – an asset in a condition to meet minimum operational and statutory requirements.
- S5 a Non-Core Service Non-Operational Property – asset to meet statutory requirements.
- 3.4 Property & Design maintain a rolling programme of condition surveys whereby every building is surveyed within a 5-year period. The surveys assess the overall condition of the asset and its various elements to identify works required within a 5-year timeframe. Elements are given a condition rating of A to D and remedial works a priority rating of 1 to 3.
- A Good – performing as intended and operating efficiently.
- B Satisfactory – performing as intended but with minor deterioration.
- C Poor – not performing as intended and/or with major deterioration.
- D Life Expired – life expired and/or with serious risk of failure.
- Priority 1 Urgent work that will prevent immediate closure of the property, address an immediate high Health & Safety risk and/or remedy a serious breach of legislation.
- Priority 2 Essential work required within 2 years that will prevent serious deterioration of the fabric of the property or associated services, address a medium Health & Safety risk and/or remedy a less serious breach of legislation.
- Priority 3 Desirable work required within 3 to 5 years that will prevent deterioration of the fabric of the property or associated services, address a low Health & safety risk and / or remedy a minor breach of legislation.
- 3.5 The three categories of strategic rating (S1 to S5), condition (A to D) and priority (1 to 3) are input into a series of matrices to create an overall works prioritisation to inform the 5 year and annual programme of works. The aim is to ensure that the most urgent works are

identified with the greatest priority given to those elements in the worst condition in our most strategically important buildings.

3.6 To enable the allocation of available budgets, the Corporate Building Maintenance Strategy defines works into three distinct areas;

- **Priority A Compliance Works** – these are statutory and legislative requirements where non-compliance would result in severe health and safety implications or closure of the building. Funds for works necessary for compliance are therefore top-sliced from the respective budgets.
- **Priority B Service Led Maintenance Backlog Works** – these are works considered by client service departments as essential to achieve corporate or operational service objectives. This year the Corporate Planned Maintenance Client bids were used to help identify and prioritise these. Such work may or may not have already been identified as high priority through the technical prioritisation of the condition surveys. We aim for a maximum of 40% of the residual budget (after deducting priority A compliance works) will be spent on this category of work.
- **Priority C Condition Survey Led Maintenance Backlog Works** – these are works prioritised through the rolling programme of condition surveys described in 3.4 and 3.5. Budget allocation for this category of work is aimed at 60% of the residual budget (after deducting priority A compliance works).

3.7 Like most local authorities, the council faces a backlog in its required maintenance and in a resource constrained environment needs to ensure best use of resources, value for money and that funding is properly prioritised. The AMP & CPS and Corporate Building Maintenance Strategy further details the way in which the council manage the required maintenance of its property assets. All Priority C and the majority of Priority B works are aimed at the current backlog figure.

3.8 Required Annual Maintenance (£m)

	Priority 1	Priority 2	Priority 3	<b>Total</b>
Operational	£7.1m	£6.3m	£4.6m	<b>£18.0m</b>
Non-Operational	£0.3m	£0.6m	£1.1m	<b>£2.0m</b>
<b>Total</b>	<b>£7.4m</b>	<b>£6.9m</b>	<b>£5.7m</b>	<b>£20.0m</b>

NB: these figures exclude required maintenance for council housing, highways and educational establishments as they are reported separately.

3.9 The annual allocation addresses the more critical and fundamental works and ensures that the compliance works and key Health and Safety risks are addressed. The total value of Priority 1 works is currently reported at £7.4m. The combined available budgets after deducting the annual routine term maintenance contract budgets, planned programme supporting budgets and the Dome Sinking Fund contribution is £2.8m. Therefore the budget total is £4.6m short of a stand-still position. However, the allocated programme of works can be reprioritised during the year to reflect any emerging risks. The requirement for 2013/14 will be known once remaining Priority 1 and Priority 2 works are reassessed during the next financial year.

- 3.10 Our total five year maintenance figure is certain to increase as we fine tune our asset management information gathering techniques. Such increases can be attributed to a variety of factors including:
- Inflation in tender costs for construction work outstripping increases in the allocated annual preventative maintenance budgets.
  - Improved knowledge of our building stock condition through enhanced surveys.
  - Better understanding of new legislation which places significant demands on the council.
  - Additional building elements having reached the end of their useful life.
- 3.11 We closely monitor our required maintenance level and provide an annual report through our Property Performance Indicators (PPIs) which are published on our website. We are also seeking ways to improve the quality of our condition data to ensure that our reported required maintenance figure remains as accurate and valid as possible and can be used to inform the budget setting process and the Medium Term Financial Strategy. Property & Design reports annually on both the total required maintenance figure as well as the proportion in each of priorities 1 to 3 as one of the suite of property performance indicators under the National Property Performance Management Initiative (NaPPMI) which the Council has adopted. The results of the PIs are benchmarked nationally and locally and the results are used to inform our future action plans under the Asset Management Plan.
- 3.12 In accordance with the council's 50 year lease agreement with the trustees of the Dome Complex that commenced in 1999, £184,000 has been top-sliced from the budget annually 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 Planned Maintenance Budget.
- 3.13 Adoption of the Corporate Landlord Function – As part of the council's consolidation transformation projects that all resource support services are implementing from 1<sup>st</sup> April 2012 the council will adopt the Corporate Landlord model and centralise the council's property functions to the professional teams in Property & Design. The aim is to improve the utilisation, efficiency and effectiveness of our land and buildings through three key principles;
- A single property Asset Strategy for the council.
  - Maximise value through centralisation of budgets and a robust standardised approach to building maintenance procurement and contract management.
  - Minimise corporate risk in terms of both finance and health and safety.

Benefits of the Corporate Landlord Model include;

- A single unified asset strategy that ensures the best use of the council's assets, enables regeneration of the City and co-ordinates an integrated customer focused service provision across the City working in tandem with our partners.
- Enable informed strategic asset management decision making – supporting the identification and implementation of outcomes and service delivery across the City.
- Provide a value for money property service and consultancy service for Clients.
- Remove the burden of property management from service managers, liberating them to deliver improved services for their customers.

- The provision of statutory compliant buildings.
- Reduction of corporate risk.
- Reduce energy consumption and CO<sub>2</sub> emissions.
- Increase utilisation of Council assets.
- Support innovative approaches to service delivery providing sustainable assets that are fit for purpose.
- Provision of a central helpdesk offering a one-stop shop for property related queries and repair requests and implementation.

3.14 Procurement of Planned Maintenance - Contract Standing Orders set out the mechanism for the procurement of works. Historically most works funded through this budget have been procured using well written professional specifications and the traditional selective tendering route with contractors from the council's pre-approved lists. Larger value projects are procured and delivered through the council's 5 year Strategic Construction Partnership improving project value for money and reducing risk. In 2011-12 a suite of planned maintenance projects were procured to local contractors using the Improvement and Efficiency South East (IESE) Sussex contractor framework. Working in close collaboration with Property colleagues at East Sussex County Council, this open-book form of procurement adopts similar principles to the Strategic Construction Partnership. Benefits include simpler, quicker and reduced risk procurement, time and cost predictability, using resources more efficiently and supporting local SMEs.

Property and Design's construction professionals are working closely with neighbouring county, district and borough councils, housing associations, Health Trusts, Universities, East Sussex Fire and Rescue and Sussex Police in re-procuring the Sussex contractor framework for 2013-2017 through the EU public procurement procedure. It is anticipated that further collaborative working will result in greater efficiencies and savings through cross-Client bundling of packages of works.

3.15 Procurement of Term Maintenance & Servicing Contracts – Over the past two years Property & Design in consultation with the Procurement team, Finance, Health Safety & Wellbeing team and stakeholders, re-tendered a number of corporate PMB term maintenance & servicing contracts through the EU public procurement procedure as set out in Contract Standing Orders. These included Lift Maintenance, Legionella Control, Prevention & Risk Management Services, Testing & Repair of Boilers, Pumps, Fans & Associated Plant and Mechanical Services & Associated Plant at the Brighton Centre. Competitive tenders were received for all resulting in some savings against previous tendered rates. In 2012-13 Property & Design are leading on new large contracts procured through this method for Electrical Testing & Maintenance. It is anticipated that these too will lead to savings by ensuring larger buying power and reduced risk for the council.

#### **4. CONSULTATION**

4.1 Regular consultations have taken place with all Client Officers of the relevant Departments and with technical officers.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

Financial Implications:

- 5.1 The council's revenue funded Planned Maintenance Budget for 2012-13 provides a total of £3,560,000 for annual planned maintenance expenditure on the council's civic offices, historic, operational (excluding schools and social care) and commercial buildings which reflects anticipated savings through smarter contract procurement and the benefits of efficiencies through the centralisation of the corporate landlord function. Included within this annual budget and overall programme of works are items that will be capitalised and included in the 2012-13 capital programme. The proposed budget allocation to the respective building portfolios reflects the risk prioritisation outlined in the report and is shown in Appendix A to this report.
- 5.2 The council's capital funded works programme provides an additional £500,000, for improvement works to social care premises. The proposed budget allocation is shown in Appendix B to this report.
- 5.3 The programme of works set out in the appendices can be funded from within the agreed budget allocations for 2012-13. Emerging compliance risks will be addressed by reprioritising the allocation as required. There is a shortfall between the Priority 1 works identified and the budget allocation available. Risk and priorities will be reassessed and considered in the development of the allocation for 2013-14.

*Finance Officer Consulted: Rob Allen*

*Date:14/2/2012*

Legal Implications:

- 5.4 Where appropriate, works of repair set out in this report will comply with relevant lease conditions and health and safety/other statutory legislation. Framework agreements with individual contracts being called off under the frameworks using partnering agreements are effective contractual tools for delivering construction contracts on time within budget. The other procurement methods outlined in this report comply with the council's Contract Standing Orders. Contracts over £75,000 must be sealed by Legal Services.

*Lawyer Consulted:*

*Isabella Sidoli*

*Date:16/02/12*

Equalities Implications:

- 5.6 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:

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

Crime & Disorder Implications:

- 5.8 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 & Opportunity Management Implications:

- 5.9 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 will be reduced through the Corporate Landlord model, ensuring consistency of approach for statutory and other legal requirements.

### Corporate / Citywide Implications:

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

## **6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 Failure to maintain our building stock 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 AMP & CPS 2008-11 and Corporate Plan.

## **7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 To approve the financial allocation to an annual programme of maintenance works to the operational buildings excluding council housing, highways and educational properties which have their own budgetary provisions.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

- A. Proposed Corporate Planned Maintenance Budget Allocation 2012-13  
B. Proposed Social Care Planned Works Budget Allocation 2012-13

### **Documents in Members' Rooms**

None

### **Background Documents**

1. The Asset Management Plan & Corporate Property Strategy 2008-2011.  
2. The Corporate Building Maintenance Strategy 2009-2012.

**APPENDIX A:****Proposed Corporate Planned Maintenance Budget Allocation 2012-13**

<b>Property Type</b>	<b>Examples of works and properties covered</b>	<b>Client Officer</b>	<b>Budget Allocation £</b>
Corporate - Building	Clearance of roofs, gutters, testing, surveys	All	83,000
Corporate - Mechanical and Electrical	Plant, boilers, legionella control, lifts, electrical testing & maintenance	All	830,900
Historic	Royal Pavilion, Preston Manor, Museums	Tim Thearle	734,529
Dome	General maintenance	Dome	184,000
Leisure	Leisure Centres, swimming pools, paddling pools, Withdean, golf courses	Toby Kingsbury	156,500
Libraries	Hollingbury, Hove, Rottingdean & Westdene Libraries	Sally McMahon	100,000
Seafront	Seafront maintenance, chalets, graffiti removal, Volks Railway, Madeira Terrace & lift	Toni Manuel	324,250
Amenity	Pavilions, railings & walls	Peter Wickson	125,000
Civic	Town Halls, council offices	Ivan Watts (Kate Briscoe)	589,000
Hollingdean Depot	Hollingdean Depot	Jan Jonker	50,821
Commercial	New England House, Carden Community Centre, misc. Landlord obligations	Richard Butler	160,000
Venues	Brighton Centre	Howard Barden	222,000
<b>TOTAL</b>			<b>£3,560,000</b>



## Appendix B

### Proposed Social Care Planned Works Budget Allocation 2012-13

Property Type	Examples of works covered	Prioritisation	Budget Allocation
Social Care Premises	Mechanical – replacement of boilers & heating controls	Condition survey & energy efficiency measures	30,000
	Internal Refurbishment –to meet hygiene regulations & internal refurbishment	Statutory & condition survey	115,000
	External Refurbishment – roofing, window replacement, external repairs & redecoration	Condition survey	215,000
	Fire Precautions – works identified through the on-going programme of fire risk assessments	Statutory	20,000
	Health & Safety – Legionella control measures to the water systems	Statutory & condition survey	50,000
	Passenger Lifts	Statutory & condition survey	70,000
<b>TOTAL:</b>			<b>£500,000</b>

