

Subject:	Planned Maintenance Budget Allocation 2014-15		
Date of Meeting:	20 March 2014		
Report of:	Executive Director for Finance & Resources		
Contact Officer:	Name:	Angela Dymott	Tel: 29-1450
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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 2014-15 allocation of improvement and essential repair works to civic offices, historic, operational and commercial buildings within the Corporate Planned Maintenance Budget of £3,327,880 and the Social Care Planned Works Budget of £500,000. Examples of buildings included within this year's programme are the Royal Pavilion, Preston Manor, Booth Museum, the Town Halls, Bartholomew House, Madeira Terrace, Brighton Centre, Imperial Arcade, Westdene Library, Hollingdean Depot, Wellington House, Ireland Lodge and Knoll House (three residential care homes).
- 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 to the council's operational buildings at an estimated cost of £3,827,880, as detailed in Appendices 2 and 3; and
 - (ii) grant delegated authority to the Executive Director Finance and Resources to enter into contracts within this budget, as required, and in accordance with Contract Standing Orders.

3. CONTEXT / BACKGROUND INFORMATION

- 3.1 The Council's Asset Management Plan & Corporate Property Strategy (AMP & CPS) sets out the council's strategic property objectives and is available for download from the Council's website. Following the introduction of our Corporate Landlord model of working in 2013 the AMP & CPS is currently being reviewed and will be re-published in 2014 setting out the context for the next 5 years.

- 3.2 In support of the AMP & CPS, the council published its first Corporate Building Maintenance Strategy in 2009. 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 will be reviewed and updated during 2014 to reflect our adopted Corporate Landlord model of working and the centralisation of maintenance budgets which occurred in 2013.
- 3.3 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 and is the basis used for prioritising and setting this annual programme of works. The Workstyles programme will assist in reducing our backlog figure as our key buildings are refurbished and we dispose of our unsuitable buildings. Under this programme we will minimise major repairs to buildings that are to be disposed, only addressing emergency priorities. This will also help to reduce carbon emissions from our estate.
- 3.4 This annual allocation is prioritised to address the more critical and essential maintenance works to support service delivery and ensure that statutory compliance works and key Health and Safety risks are addressed. Essential maintenance also includes works of a structural nature and those that keep our buildings watertight. The planned programme does not include remedial works to rectify storm damage which is covered by reactive maintenance budgets or insurance claims.
- 3.5 In accordance with the council's 50 year lease agreement with the trustees of the Dome Complex that commenced in 1999, £190,000 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.

Corporate Landlord Function

- 3.6 As part of the council's Value for Money programme, from 1st April 2013 the council adopted the Corporate Landlord model and centralised 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. This is supported by the Council's new asset data management software which centralises all property related information. In 2014-15 a major refresh of condition survey data is to be undertaken to ensure a robust assessment of the council's 5-year requirement for planned maintenance.

Procurement of Planned Maintenance

- 3.7 Contract Standing Orders set out the mechanism for the procurement of works. Historically most works funded through this budget have been procured using robust professional specifications and the traditional competitive tendering route with contractors from the council's pre-approved lists. Larger value projects are procured and delivered through the recently retendered council's 4 year Strategic Construction Partnership, improving project value for money and reducing risk. For the past three years a suite of planned maintenance projects have been delivered using local contractors appointed under the Sussex Cluster Contractor Framework originating from the Improvement and Efficiency South East (IESE) initiative. 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, early contractor engagement which improves time and cost predictability, using resources more efficiently and supporting local Small and Medium Enterprises (SMEs).
- 3.8 Property and Design's construction professionals continue to work closely with neighbouring county, district and borough councils, housing associations, Health Trusts, Universities, East Sussex Fire and Rescue and Sussex Police and in 2013 re-procured the Sussex Cluster Contractor Framework for 2013-2017 through the EU public procurement procedure. A team from Brighton & Hove City Council, led by Property & Design's Building Surveying & Maintenance Manager, fully evaluated one of the three tiers of the framework.
- 3.9 It is anticipated that further collaborative working will result in greater efficiencies and savings through cross-Client bundling of packages of works. A pilot of Brighton & Hove City Council and East Sussex County Council school's planned maintenance projects is to be procured collaboratively for 2014-15.

Procurement of Term Maintenance & Servicing Contracts

- 3.10 One of the 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 into four contracted lots.

In readiness for 2014-15 the major Water Management, Mechanical, Electrical and Lift statutory compliance and servicing contracts have been tendered through the EU public procurement procedure. These contracts embrace a new approach to traditional servicing and compliance contracts that is anticipated to yield efficiencies year on year and has been reflected in the 2014-15 agreed budget savings.

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 AMP & CPS and Corporate Plan.

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

5. COMMUNITY ENGAGEMENT & CONSULTATION

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

6. CONCLUSION

- 6.1 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.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The council's revenue funded Planned Maintenance Budget for 2014-15 provides a total of £3,327,880 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 ongoing 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 2014-15 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.
- 7.2 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.
- 7.3 The programme of works set out in the appendices can be funded from within the agreed budget allocations for 2014-15. 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 2015-16.

Finance Officer Consulted: Rob Allen

Date: 14/02/14

Legal Implications:

- 7.4 Works of repair set out in this report must comply with relevant lease conditions and health and safety and other applicable 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. All forms of procurement outlined in this report must comply with the council's Contract Standing Orders.

Lawyer Consulted: Oliver Dixon

Date: 14/02/14

Equalities Implications:

- 7.5 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:

- 7.6 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:

Corporate / Citywide Implications:

- 7.7 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.

SUPPORTING DOCUMENTATION

Appendices:

1. Other Implications:
2. Proposed Corporate Planned Maintenance Budget Allocation 2014-15
3. Proposed Social Care Planned Works Budget Allocation 2014-15

Documents in Members' Rooms

None

Background Documents

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

Other Implications:

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 will be 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.