

<b>Subject:</b>	<b>Planned Maintenance Budget Allocation 2009-10 and Programme of Works for the Council's Operational Buildings</b>
<b>Date of Meeting:</b>	<b>12 March 2009</b>
<b>Report of:</b>	<b>Director of Finance &amp; Resources</b>
<b>Contact Officer:</b>	<b>Name: Angela Dymott, Property &amp; Design Martin Hilson, Building Surveying Manager Andrew Batchelor, Corporate Asset Manager</b>
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<b>Key Decision:</b>	<b>Yes Forward Plan No. CAB 6348</b>
<b>Wards Affected:</b>	<b>All</b>

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

- 1.1 To report upon the proposed 2009/10 allocation of improvement and repair works to civic offices, historic, operational and commercial buildings within the Corporate Planned Maintenance Budget of £3,682,000 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:**

- 2.1 That Cabinet approve the financial allocation to an annual programme of works to the operational buildings at an estimated cost of £4,182,000 as detailed in Appendices A and B, in accordance with Financial Regulation A.5.6.7.

**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. This document sets out the property context for the City and the Council's property function linked to the corporate priorities and strategic objectives.

- 3.2 Property & Design are maintaining a rolling programme of condition surveys to all properties where the Council has a maintenance liability to assist in prioritising the annual programmes of work in consultation with client officers.
- 3.3 The surveys identify programmes of work required within the following five years and each of which are prioritised 1 to 3:
- **1:** Urgent works that will prevent immediate closure of the premises and / or address an immediate high health and safety risk and / or remedy a serious breach of legislation.
  - **2:** Essential works required within 2 years that will prevent serious deterioration and / or address a medium Health & Safety (H & S) risk and / or remedy a minor breach in legislation.
  - **3:** Desirable works required within 3 to 5 years to prevent deterioration of the fabric and / or address a low H&S risk and / or a minor breach in legislation.
- 3.4 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 details the way in which the Council will manage the required maintenance of its property assets and is further detailed in the Corporate Building Maintenance Strategy, which is due to be presented to Cabinet Member Meeting Central Services in June 2009.

3.5 Required Maintenance (£m)

	Priority 1	Priority 2	Priority 3	<b>Total</b>
Operational	£1.5m	£4.6m	£11.6m	<b>£17.7m</b>
Investment	£0.1m	£1.1m	£1.3m	<b>£2.5m</b>
<b>Total</b>	<b>£1.6m</b>	<b>£5.7m</b>	<b>12.9m</b>	<b>£20.20m</b>

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

- 3.6 This year the Corporate Planned Maintenance Budget received around £12.5 million of bids against a budget of approximately £2.38 million, excluding the annual routine term maintenance contracts. The annual allocation addresses the more critical and fundamental works under priority 1 and 2. Thus desirable works (mainly priority 3) cannot always be included within the annual programme.
- 3.7 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.

- 3.8 This will mean that 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.
- 3.9 The Corporate Building Maintenance Strategy is an appendix of the AMP & CPS and seeks to provide a strategic framework to enable corporate buildings to be maintained in a structured prioritised manner. This assists in ensuring best use of limited resources, reduces risk and maintains the value of the key assets. The strategy utilises prioritisation and decision matrices to ensure a robust and auditable process.
- 3.10 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.
- 3.11 In accordance with the council's agreement with the trustees of the Dome Complex, £158,790 has been top-sliced from the budget to contribute to a sinking fund for maintenance liabilities at the Dome.
- 3.12 Procurement - Contract Standing Orders set out the mechanism for officers to procure works. In recent years the traditional acceptance of the lowest tender has been widened to allow for acceptance of the Most Economically Advantageous Tender. By setting out other criteria within the specification – usually quality, health and safety or performance related – tenders can be analysed and contracts awarded on a price / quality split.
- 3.13 In reality, for the majority of lower value building maintenance and improvement works, the quality element is defined within a well written specification. For this reason most works funded within this budget are procured using the traditional selective tendering route using contractors from our pre-approved lists. However the potential benefits of using partnering style framework agreements for future procurement of building works are currently being assessed with a view to improving project value for money and reducing risk.

#### 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:

- 5.1.1 The Council's revenue funded Planned Maintenance Budget for 2009/10 provides a total of £3,682,000 for annual planned maintenance expenditure on the council's civic offices, historic, operational (excluding schools and social care) and commercial buildings. Included within this annual budget and overall programme of works are items that will be capitalised and will be included in the 2009/10 capital programme. The proposed budget allocation to the respective building portfolios is shown in Appendix A to this report.
- 5.1.2 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.
- 5.1.3 The programme of works set out in the appendices can be funded from within the agreed budget allocations for 2009/10.

*Finance Officer Consulted: Patrick Rice Date: 12-02-09*

##### Legal Implications:

- 5.2.1 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.
- 5.2.2 Human Rights Act considerations have been taken into account in the preparation of this report and the report does not include proposals that would contravene convention rights.

*Lawyer Consulted: Alison Leitch Date: 11-02-09*

##### Equalities Implications:

- 5.3 Where applicable, items of maintenance work within the programme will consider the Disability Discrimination Act 1995 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:

- 5.4 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:

- 5.5 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:

- 5.6 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 / Citywide Implications:

- 5.7 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.

### **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.

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

- 7.1 Approve the financial allocation to an annual programme of maintenance works to the operational buildings.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

- A. Proposed Corporate Planned Maintenance Budget Allocation 2009/10  
B. Proposed Social Care Planned Works Budget Allocation 2009/10

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

1. None

### **Background Documents**

1. The Asset Management Plan & Corporate Property Strategy 2008-2011.

