

Subject:	Planned Maintenance Budget Allocation 2011-12 and Programme of Works for the Council's Operational Buildings		
Date of Meeting:	17 March 2011		
Report of:	Strategic Director, Resources		
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Key Decision:	Yes	Forward Plan No: CAB20032	
Wards Affected:	All		

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

- 1.1 To report upon the proposed 2011-12 allocation of improvement and repair works to civic offices, historic, operational and commercial buildings within the Corporate Planned Maintenance Budget of £3,806,000 and the Social Care Planned Works Budget of £500,000, less planned efficiency savings of £90,000 set out in the report.
- 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. RECOMMENDATION:

- 2.1 That Cabinet approves the financial allocation to an annual programme of works to the operational buildings at an estimated cost of £4,216,000 as detailed in Appendices A and B, in accordance with Financial Regulation A.5.6.7 and 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.

- 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.
- 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 commissioner/ resource/delivery units 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	Total
Operational	£6.9	£5.0m	£4.6m	£16.5m
Investment	£0.3m	£1.4m	£1.4m	£3.1m
Total	£7.2m	£6.4m	£6.0m	£19.6m

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 £7.2m. The combined available budgets after deducting the annual routine term maintenance contract budgets, planned programme supporting budgets and the Dome Sinking Fund contribution is £3.0m. Therefore the budget total is £4m 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 2012/13 will be known once remaining Priority 1 and Priority 2 works are reassessed during the next financial year.

3.10 We closely monitor our required maintenance level and provide an annual report through our Property Performance Indicators (PPI's) 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.

- 3.11 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.
- 3.12 In accordance with the council's 50 year lease agreement with the trustees of the Dome Complex that commenced in 1999, £173,650 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 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. However, in 2010-11 three significant PMB fully or part-funded projects at Hollingdean Depot, Brighton Town Hall and Bartholomew House were procured and delivered through the council's 5 year Strategic Construction Partnership improving project value for money and reducing risk. Following the ongoing success of this procurement method further works at Brighton Town Hall and Bartholomew House are being procured through it for 2011-12.
- 3.14 Procurement of Term Maintenance & Servicing Contracts – Throughout 2010-11, 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 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 2011-12 Property & Design are leading on new large contracts procured through this method for Lift Servicing, Repair & Maintenance and Electrical Testing & Maintenance. It is anticipated that

these too will lead to savings by ensuring larger buying power and reduced risk for the council.

- 3.15 In anticipation of future property disposals in 2011-12 together with efficiencies through smarter contract procurement, £70,000 has been held up against the Corporate Planned Maintenance Budget and £20,000 against the Social Care Planned Works Budget. Improved property data and centralisation of corporate landlord functions means that efficiencies can be achieved without affecting current service levels.

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 2011-12 provides a total of £3,736,000 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. Included within this annual budget and overall programme of works are items that will be capitalised and included in the 2011-12 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 £480,000, 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 2011-12. 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 2012-13.

Finance Officer Consulted: Anne Silley

Date: 09/02/11

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.

- 5.5 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:

Isabella Hallsworth

Date: 08/02/11

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 / 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 2011-12
- B. Proposed Social Care Planned Works Budget Allocation 2011-12

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.

