

Subject:	Annual Planned Maintenance Budget and Asset Management Fund Allocations 2019-20 for the Council's Operational Buildings		
Date of Meeting:	21 March 2019		
Report of:	Executive Director for Economy, Environment & Culture		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 To seek approval for the annual Property revenue and capital budget allocations and programme of works. The proposed 2019-20 annual Planned Maintenance Budget (PMB) revenue allocation of essential repair works to civic offices, historic, operational and commercial buildings consists of a revenue budget relating to the corporate Planned Maintenance Budget of £2,797,650 and a Social Care Planned Works Budget of £500,000, totalling £3,297,650. 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 That Policy, Resources & Growth Committee

- (i) approve the annual programme of planned maintenance works as detailed in Appendices 2 and 3, at a total estimated cost of £3,297,650;
- (ii) approve the Asset Management Fund allocation for 2019-20 totalling £1,000,000, as detailed in paragraph 3.4.1 of this report.
- (iii) grants delegated authority to the Executive Director Economy, Environment & Culture to procure the planned maintenance budget and asset management fund improvement works and award contracts within these budgets, as required, in accordance with the council's Contract Standing Orders.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 Asset Management

The council's Corporate Property Strategy & Asset Management Plan (CPS & AMP) sets out the property context for Brighton and Hove, the council's strategic property objectives, and is available on the council's website. 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 Property & Design within Orbis Property and the Economy, Environment and Culture Directorate. The aim is to make best use of our assets and improve the utilisation, efficiency and effectiveness of our land and buildings. This is supported by the council's asset data management software that aims to centralise property related information. 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. Risk assessments are carried out to ensure that required capital investment is prioritised to make best use of our assets.

3.2 Planned Maintenance Budget (PMB)

This budget of approx. £3.298m relates to those operational buildings where the council has a repairing liability but excludes council housing, highways and educational establishments which have their own budgetary provisions.

3.2.1 The Corporate Building Maintenance Strategy that supports the CPS & AMP, 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 prioritised and targeted at our key operational assets to meet service delivery needs and maintain the value of our key assets

3.2.2 Like most local authorities, the council faces a backlog in its required maintenance, extreme budget challenges and our small and limited maintenance budgets are inadequate for the need. Financial controls applied over a number of years have meant substantial cuts in what can be achieved with the annual maintenance programme, that in turn increases our prioritised volumes of required maintenance with associated risk. We aim to ensure best use of resources, value for money and that funding is properly prioritised.

3.2.3 The annual planned maintenance budget allocation is prioritised in consultation with service client officers 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 as many higher risk Health and Safety issues as possible are addressed. Essential maintenance includes works of a structural nature and those that keep our buildings watertight.

3.2.4 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, £217,550 has been top-sliced from the budget 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 Corporate Planned Maintenance Budget.

3.3 Summary of Annual Planned Maintenance Budget Programme of Works

The financial allocation to each main service client area is listed within Appendices 2 and 3. Examples of planned maintenance works in the corporate programme include high-level external repairs and redecoration to the Royal Pavilion, roofing works to community centres, railing redecorations and shelter repairs along the seafront that are undertaken on a rolling programme. Lift repairs are to be undertaken at the Brighton Centre, Hove Town Hall and Bartholomew House. There are sums to fund the ongoing structural propping to Madeira Terraces whilst solutions are being sought. Each service client area also has a sum allocated for Health and Safety management works that helps support service providers to progress any prioritised remedial works throughout the course of a year. 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 improving security, addressing damp issues, resurfacing and redecorations. There are also allocations to fund external repairs and redecorations and upgrading the boiler and hot water services at Wellington House.

3.4 The Asset Management Fund (AMF)

The Asset Management Fund (AMF) 2019-20 is a capital fund of £1,000,000 to support property improvements, property related Health & Safety requirements and access improvements under the Equality Act 2010. It forms part of the Capital Strategy 2019-20 along with the Strategic Investment Fund (SIF) of £250,000 and the IT&D Fund of £500,000.

3.4.1 The proposed overall AMF allocation is as follows and details of the bids can be found in Appendix 4 which includes a breakdown of the reprioritised Workstyles programme, important health & safety improvements to two major operational buildings, and property related health & safety and Equality Act requirements:

3.5

Description	AMF
1. General Property Improvements	Funding £m
1a Workstyles Phase 4	0.700
1b Bartholomew House Mechanical Ventilation	0.090
1c Security and entrance Works at Hollingdean Depot	0.120
Sub total general property improvements	0.910
2. Equality Act Improvements	
2a Rolling programme of access improvements to corporate buildings	0.025
3. Property Related Health & Safety Legislation	
3a Asbestos Management	0.015
3b Legionella Management	0.025
3c Fire Risk Assessment Works	0.025
Sub total Equality Act & property related Health & Safety	0.090
TOTAL OVERALL	1.000

Procurement of Works

- 3.5.1 Contract Standing Orders set out the council's process for the procurement of works. We have streamlined the way we procure planned maintenance through a wide range of collaborative processes. Achieving the best use of every pound spent, and reducing risk within the financial restrictions, is largely dependent upon adopting the right form of procurement for each given situation. Larger value projects (in the main capital projects) are delivered through the council's Strategic Construction Partnership. Lower value planned maintenance projects that are well defined, simplistic in nature, are procured using traditional competitive tendering to achieve best value through testing competition within the market. Where appropriate for works below £25,000 Property & Design's reactive repairs and minor works framework is utilised.
- 3.5.2 The PMB includes an allocation to fund statutory testing, routine servicing and maintenance contracts, an integral part of good planned maintenance practice. This includes mechanical and electrical, lifts and water hygiene cyclical maintenance. Current contracts expire in March 2020 and reprocurement options are being currently explored in conjunction with the Orbis partnership.

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 CPS & AMP and Corporate Plan. Property teams work closely together to ensure that these programmes of investment work align with others.
- 4.2 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 Corporate Property Strategy and Asset Management Plan and the corporate priorities in the council's Corporate Plan.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Regular consultations take place with all service client officers of the relevant Directorates and with technical officers within Property.
- 5.2 The Workstyles project will involve extensive internal and external consultations on customer and service delivery requirements, flexible working supported by appropriate technology and service re-design.

6. CONCLUSION

- 6.1 To approve the financial allocation to a prioritised annual programme of maintenance works to the operational buildings set out in Appendices 2 and 3

excluding council housing, highways and educational properties which have their own budgetary provisions.

- 6.2 To approve the AMF financial allocation for 2019-20 and the recommended bids as detailed at paragraph 3.4.1 and Appendix 4 for property improvements, access requirements under the Equality Act 2010 and property related Health & Safety requirements for 2019-2020

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The council's Planned Maintenance Budget for 2019-20 provides a total £3,297,650 for annual planned maintenance expenditure on the council's civic offices, historic, operational (excluding schools, housing and highways) and commercial buildings. Included within this annual budget and overall programme of works are items that will be capitalised and included in the 2019-20 capital programme. A permanent annual contribution toward the Dome Complex sinking fund of £217,550 has been top sliced from the Corporate Planned Maintenance Budget. 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.
- 7.2 The Planned Maintenance Budget will be met from a combination of revenue budget and capital borrowing. By funding part of the PMB through borrowing revenue budget savings will be released to support the Integrated Service & Financial Plans. The borrowing costs have been factored into the Medium Term Financial Strategy.
- 7.3 The council's capital funded works programme provides an additional £0.5m, for essential repair works to Social Care premises. The proposed budget allocation is shown in Appendix 3 to this report. This is funded from borrowing with the financing costs met corporately within the general fund revenue budget.
- 7.4 The programme of works set out in the appendices can be funded from within the agreed budget allocations for 2019-20. 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 2020-21.
- 7.5 The Revenue Budget 2019/20 report presented to Budget Council on 28 February 2019 recommended the allocation of £1.0m capital resources to support the Asset Management Fund 2019-20. The AMF allocation will be met from borrowing for 2019-20 with the financing costs met from the Medium Term Financial Strategy. The AMF allocations will be incorporated into the council's Capital Investment Programme 2019/20 to support the schemes identified within the table at paragraph 3.4 and Appendix 4. The AMF will make a contribution toward the Workstyles Phase 4 projects subject to a detailed business cases being approved for the various programmes listed in Appendix 4. Any revenue budgets and running costs associated with the investments in this report will be met from existing budgets.

Legal Implications:

- 7.6 Works of repair set out in this report must comply with relevant lease conditions, health and safety and other applicable legislation. Framework agreements, with individual contracts being called off under the frameworks and 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 and, where applicable, EU and UK public procurement obligations.

The proposed works fulfil legislative requirements under Health & Safety law including in relation to fire safety and the control of Legionella. The access improvement works proposed will assist the council in meeting its obligations under The Equality Act 2010.

Lawyer Consulted: Elizabeth Culbert

Date: 12/02/19

Equalities Implications:

- 7.7 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.

The provision of on-going access works under the rolling programme will assist in the council in meeting requirements under the Equalities Act 2010.

Sustainability Implications:

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

Any Other Significant Implications:

- 7.9 The maintenance of operational properties is part of the Corporate Property Strategy & Asset Management Plan 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 2019-20
3. Proposed Social Care Planned Works Budget Allocation 2019-20
4. Proposed Asset Management Fund - Detail of Allocations

Documents in Members' Rooms

None

Background Documents

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

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 is 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.
Works to council properties to ensure the water management of the council's property portfolio is meeting the requirements of the Approved Code of Practice ensures public health requirements are met with regard to Legionella and asbestos management.

Corporate / Citywide Implications:

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

Proposed Corporate Planned Maintenance Budget Allocation 2019-20

Property Type	Examples of works / properties covered	Service area Clients	Budget Allocation
Corporate - Building	Asbestos testing & surveys	All	£22,500
Corporate - Fabric maintenance contracts Mechanical & Electrical testing, servicing & statutory compliance	Clearance of roofs, gutters, graffiti removal, boilers, legionella control, lifts, mechanical & electrical testing & maintenance	All – corporate contracts cover all property types - historic, leisure, libraries, Brighton Centre etc.	£800,000
Historic	Royal Pavilion external repairs & redecoration	Royal Pavilion & Museums	£412,000
Dome	General maintenance	Dome	£217,550
Leisure	Swimming pools, paddling pools & golf clubhouses	Sports & Leisure Services	£205,000
Libraries	Various libraries	Libraries & Information Services	£70,000
Seafront	Seafront repairs & redecoration, Volks Railway & Madeira Terrace	Seafront Services	£409,600
Amenity	Parks buildings, cemeteries & memorials	Property - Environment	£232,000
Civic	Bartholomew House & Brighton Town Hall	Property - Premises	£80,500
Hollingdean Depot	Hollingdean Depot	Cityclean	£30,000
Commercial	Miscellaneous Landlord obligations	Property - Estates	£194,000
Venues	Brighton Centre	Tourism & Venues	£124,500
TOTAL			£2,797,650

Proposed Social Care Planned Works Budget Allocation 2019-20

Property Type	Examples of works covered	Prioritisation	Budget Allocation
Social Care Premises	Mechanical heating improvements to Wellington House	Condition survey & energy efficiency measures	£150,000
	Internal Refurbishment to eleven social care premises	Statutory & condition survey	£118,000
	External Refurbishment to Children's Centres, Ireland Lodge, etc.	Condition survey	£172,000
	Fire Precautions – works to be prioritised through fire risk assessments	Statutory	£15,000
	Electrical improvements	Condition survey	£45,000
TOTAL:			£500,000

Proposed Asset Management Fund - Detail of Allocations

1) General Property Improvements

1a) Workstyles Phase 4: : £700,000

Workstyles is a corporate modernisation programme, established to improve office space and enable flexible working across a range of operational sites. The programme has contributed to the council's Medium Term Financial Strategy and Capital Investment Programme by consolidating the council's operational portfolio, delivering revenue savings of over £2m, and generating capital receipts in excess of £25m. The Asset Management Fund has supported the delivery of the Workstyles programme, contributing to the development of business cases, feasibility studies and professional surveys, as well as funding capital improvements to operational buildings that further enable flexible working opportunities.

Reprioritisation of Workstyles programme

In July 2018 the Workstyles programme was reprioritised to better align with the corporate strategic priorities of increasing the housing stock, using its property assets to better support local businesses, and encouraging inward investment. These priorities were reviewed alongside the programme's primary objective of enabling flexible working across the council's operational portfolio. As a result of this reprioritisation several new projects were identified, while pre-existing projects expanded in scope. The revised programme was approved by the Corporate Modernisation Delivery Board in July 2018.

Current projects within the Workstyles Programme include:

Brighton Town Hall (£150k) - Brighton Town Hall is a landmark of the city. It is centrally located, adjacent to the Customer Service Centre in Bartholomew Square, and accommodates important life events such as wedding ceremonies and the registration of births, deaths and marriages. It is a civic building of political significance, hosting full council meetings and coordinating electoral events. However, the building is an under-occupied, under-used, substantial grade-two listed structure with ever increasing required maintenance needs, and an insufficient Planned Maintenance Budget to meet this need. The redevelopment of Brighton Town hall will help address this issue, as well as supporting the delivery of key strategic priorities, including:

- **Driving Economic Growth** – working in partnership with the Chamber of Commerce and Brighton & Hove Economic Partnership.
- **Developing our International Reputation** – a focus for activity which seeks to promote investment into the City, support businesses to export, and develop our external relations nationally and internationally.
- **Rejuvenated Destination Marketing** – Enhancing the offer from Visit Brighton
- **Modern Civic Office** – A Mayoralty that supports economic growth and inward investment through an agreed programme of events

Following a decision at budget council to reduce the capital allocation to Brighton Town Hall redevelopment from £1.5m to £0.564m, officers will need to undertake a review of the viability of the business case, which includes commissioning specialist commercial advice to 'stress test' market assumptions. Outcomes of this view will be reported back to committee at a later date.

Moulsecoomb Neighbourhood Hub (£150k) – Proposals for a new neighbourhood hub in Moulsecoomb would provide accommodation for a range of council and partnership services (including Library Services, Community Health, Youth Services, Ambulation Station, Sports & Leisure), and release surplus land for development into a mixture of affordable and commercial housing. In addition, new Social Work offices facilities will be provided to support the extension of the housing scheme. The project is supported by One Public Estate grant funding, but this grant does not cover associated Project Management costs.

Hollingdean Depot offices (£75k) – aligned with the wider City Environment modernisation programme, a Workstyles project has been established to review and modernise office accommodation at Hollingdean Depot to devise and implement flexible working practices within the City Clean service. Budget is required to support Project Management and commission site surveys.

Enabling Stanmer Master Plan (£125k) – Workstyles are supporting the delivery of the Stanmer Park HLF project through reducing the industrial operational element currently located on the site. Project management support is also being provided from the Workstyles team to oversee the linked project of refurbishing the Traditional Agricultural Buildings in the Park.

Wellington House (Learning Disabilities Services) (£200k) – Wellington House is being redeveloped to enable the colocation of Learning Disability Services from across the council. The colocation of these services into a single location is supporting the FCL's ISFP and enabling £200k in revenue savings. The offices that LDS are currently based in will become vacant, presenting opportunities for further income through new leases, and supporting other Workstyles projects which require temporary decant space.

The 2019/20 Asset Management Fund contribution to Workstyles will enable continued delivery of these projects, as well as any new projects that emerge through regular review of the operational estate, provided that proposals align with the Administration's strategic priorities, as outlined above. Any future change request for the programme and support from the Asset Management Fund will go through formal governance arrangements for approval.

1b) Bartholomew House Mechanical Ventilation: £90,000

The ventilation to the 2nd floor of Bartholomew house is provided by the openable windows which have been compromised by the construction of perimeter meeting rooms. Ventilation to the remaining floors is also provided by openable windows and both factors make it difficult to determine the available fresh air delivered to the space, to comply with building regulations .(Part F building regs refers)

During a survey it was found that the potential of reduced fresh air was leading to higher room temperatures thus contributing to feelings of tired/listless in some staff.

The design and contract documents are currently being drawn up to provide additional mechanical ventilation to help address this situation and the expected cost for the requirement for this project is expected to be £150,000 to £180,000

The works will be phased over two years, i.e. £90,000 in 2019/20 and £90,000 in 2020/21

1c) Hollingdean Depot New Security Hut and Road adaptations: £120,000

The existing security hut at Hollingdean depot requires replacing with a new structure as it is beyond its useful life and has health & safety risks. The configuration of the road entrance also needs changing to improve vehicle movements and health and safety. Both of these items are essential to the operation of the Operator's Licence for the depot and general health and safety and security of the site.

The total cost of this work will be £150,000 with a £30,000 match funding contribution for Health and safety works coming from the Planned Maintenance Budget (PMB)

2) Equality Act Improvements: £25,000

2a The access improvement budget will continue to support projects that improve physical and sensory access for people with disabilities to the council's public building and spaces.

Actual and potential projects include:

- On-going input into improved navigation of Whitehawk Campus - signage designed with visually impaired people in mind, and those with learning disabilities; seating, handrails, tactile paving and contrasting nosings
- Handrails and pedestrian route to Woodingdean Memorial Lawns Cemetery
- Handrails and contrasting nosings to Booth Museum entrance
- New Induction loop to HTH council chamber

3) Property Related Health & Safety Legislation

3a Asbestos Management: £15,000

Allocation contributing towards a centralised corporate fund to meet the actions as detailed in the corporate asbestos surveys. This fund is used to manage the risk and prevent exposure and the spread of Asbestos Containing Material and is prioritised in the Corporate Asbestos Register.

3b) Legionella Works (L8): £25,000
On-going works are required to council properties to ensure the water management of the council's property portfolio is meeting the requirements of the Approved Code of Practice – HES-L8 to prevent the occurrence of legionella in installed equipment and water systems.

3c) Fire Risk Assessment Works: £25,000
This bid will contribute towards a prioritised rolling programme of works to council properties following Fire Risk Assessments of council properties. Various works have been identified and this bid will allow the highest priority works to be completed in accordance with the Regulatory Reform (Fire Safety) Order 2005. In 2019/20 the priority will be the fire compartmentalisation in large pitched roofs of schools such as at Hertford Infants, Connaught and Blatchington Mill.

Work will also be carried out in Brighton Town Hall for example fire stopping of compartment walls.