



Corporate Property Capital Maintenance Programme 17/18

Decision to be taken by: City Mayor
Decision to be taken on: 1st September 2017
Lead director: Matthew Wallace

Useful information

- Ward(s) affected: All
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- Report version number plus Code No from Report Tracking Database: V1.51

1. Purpose of report

- 1.1 To seek approval of a planned programme of works to draw down £1.748m from the Capital Property Maintenance Policy Provisions of £3.4m.
- 1.2 Works identified within this report are based on priority of need and as identified by surveyors and engineers based on known issues within the Corporate property portfolio.
- 1.3 Principally these works are based around statutory compliance and legislation to protect the Councils interest. Secondly these include works that, if left untreated would lead to systemic damage to assets and therefore incur additional cost along with increased service disruption.
- 1.4 The proposal for the programme is to focus on priority works that can be delivered this financial year, aiming to address both statutory compliance and Health and Safety within this period.
- 1.5 In addition it seeks funding approval for project works which are considered improvement to existing facilities. These have been proposed to support other customer facing Council programmes.
- 1.6 Finally it seeks a funding allocation for the continuation of asset appraisal over the next financial year to enable the Council to plan its asset strategy in subsequent years.

2. Summary

- 2.1 The Council has a statutory duty to maintain buildings for which it is responsible. This is done on a day to day basis by addressing risk issues as and when they arise and by ensuring that plant and equipment is regularly serviced and maintained. The cost of this is met from revenue budgets including the Central Maintenance Fund (CMF). This day to day maintenance also flags up when building elements are starting to reach the end of their economic life and their overall condition has deteriorate to such an extent that it will require complete replacement or where improvements and alterations are required.
- 2.2 During 2016, The Councils Estates and Building Services division (EBS) undertook condition surveys of 122 assets to assist in informing the proposed programme using recognised appraisal methodology (through the Royal Institution of Chartered Surveyors guidance). These assets are viewed by EBS as priority front line assets and therefore each will be surveyed and inspected

on a 3 year cycle.

- 2.3 The surveys identified a backlog of maintenance works in excess of £8m of priority works which should be completed within the next 3 years. It is recognised that these works are reflective of the building condition and not necessarily aligned to corporate property strategy, therefore the programme for 2017/18 has been rationalised to account for only the priority items across the assets surveyed. The remaining balance of maintenance items will be monitored and inspected during the year to determine whether or not they will be required to be undertaken in the future. If it is determined that they are required, these will be subject to a separate report.
- 2.4 To further clarify para 2.3, the Council has now mandated a 'Corporate Landlord' approach to asset management and maintenance which centralises the responsibility for property condition within the EBS division. EBS is developing a governance model and appraisal strategy for property which will be used in subsequent years.
- 2.5 The programme is not intended to address works included in the scope of other Council capital programmes including Jewry Wall Museum and Euston Street Stores which will be subject to separate capital bids.
- 2.6 The programme includes for preliminary (set-up) costs, fees and contingencies usually associated with works of this nature as can be seen in the below table.

Work Element	Compliance	Investigations	Project	Total
Works Cost	£502,365	£79,973	£598,877	£1,181,216
Contingency @ 10%	£50,237	£7,997	£59,888	£118,122
Prelims @ 10%	£50,237	£7,997	£59,888	£118,122
Surveys @ 5%	£25,118	£3,999	£29,944	£59,061
Sub Total	£627,957	£99,967	£748,596	£1,476,519
Fees @ 15%	£94,194	£14,995	£112,289	£221,478
Total Capital Request	£722,150	£114,962	£860,886	£1,697,997

- 2.7 In addition to the programme of works it is requested to allocate a provisional sum of **£50k** to fund the continuation of condition surveys across the corporate estate. This again is essential to inform future maintenance programmes and asset strategy. The proposal is to undertake surveys to approximately 125 sites during 2017/18. The focus of these will be agreed with the Director of Estates and Building Services.

3. Recommendations

- 3.1 It is recommended that £1.748million be released from the Capital Property Maintenance Provisions for 2017/18 and 2018/19 to meet the costs of the programme of planned works, based on the methodology described in section 4 below.
- 3.2 To delegate the authority to vary the programme to address emerging priorities (i.e. emergencies) to the Head of Operations and the Director of Estates and Building Services in consultation with the Strategic Director, City Development and Neighbourhoods.

4. Survey Methodology

- 4.1 This programme of works includes works split into 3 types; compliance, investigation and project. All of the works recommended have been condition graded as urgent and required within 1 year.
- 4.2 Compliance illustrates tasks including fire, water, gas and electrical which the Council must undertake within the recommended timeframe out of duty of care, to maintain safe operation of the building. These are all seen as urgent planned maintenance, whereas emergency tasks are undertaken as they occur as reactive maintenance generally from revenue budgets.
- 4.3 Investigation. As an outcome of the condition surveys there are items of concern that require further investigation. These often require specialist advice, access equipment or are intrusive. The outcome of such informs the programme for capital maintenance in subsequent years.
- 4.4 Project works. These are broadly the outcomes of investigations whereby there is a need to address the identified problem. Additionally project works may include work items by exception that are key to the success of other wider organisational programmes but have a property emphasis.
- 4.5 This proposed programme of works addresses health and safety risks outside the scope of normal repairs and maintenance. It also includes for replacement of certain elements such as roofs or lifts have reached the end of their life. These have been prioritised based on an assessment of their condition by surveyors and engineers using their knowledge of the property portfolio.

Project Specific Themes and Exceptions

- 4.6 There is an identified need to repair external footpaths within Parks and Cemeteries. The programme makes allowance for £306k to be invested on making safe in 10 sites. Works will include patch repairing and resurfacing. Of this figure £209k is proposed for Gilroes Cemetery where it is reported that pathways have particularly poor surfaces recommended as year 1 works.
- 4.7 It is proposed to upgrade the lifts at Belgrave Neighbourhood Centre and Highfields Library (£95k). Both are at the end of their working life but within sites subject to modernisation under Transforming Neighbourhood Services (TNS). Investing as part of this programme minimising service disruption by allowing works to be delivered concurrently.
- 4.8 Upgrade of the ventilation system to Phoenix house 3rd floor (£101k). This is the final phase of upgrading the buildings systems. The proposal is to supplement the existing air conditioning sets with an air handling system that draws in external air and improves the air quality.
- 4.9 A sum of £189k has been allocated against DeMontfort Hall to continue into a 3rd phase of asbestos stripping within the roof spaces. These works are to be

carefully co-ordinated with the venues performance schedule.

Procurement Routes

- 4.10 The Council has in place PAN 1266 for the provision of minor works and maintenance up to the value of £100k. The Council is currently also undertaking a strategic approach to procuring construction works. This is to consist of forming our own four year multiple-supplier Construction Framework. This allows for mini competition call off for required works, to enable the Council to demonstrate best value for each call off. The construction framework is expected to be in place for the end of this financial year.
- 4.11 To maximise the economy of scale for the Council it is intended to package works where possible. Anticipated savings include preliminary (set-up) costs and staffing overheads. Packages will be presented to the market place to encourage competition whilst achieving quality outcomes for the Council.
- 4.12 Where viable works will be delivered by the Council's own internal teams. This will be mainly focussed around the external footpath repairs and upgrades.

Delivery of the Planned Capital Maintenance Programme

- 4.13 The proposed programme has been structured to be delivered by EBS staff with the support of Arcadis (under the Professional Consultancy Framework).
- 4.14 Consultation and liaison with building occupiers will be undertaken to minimise disruption to sites operational delivery and allow access to carry out work, both before commencement and during programme delivery.
- 4.15 It is intended if approved to commence on site at the earliest opportunity for low value tasks and within 3 months for packaged works subject to tenders and mobilisation periods.
- 4.16 Before commissioning work on any particular site, care will be undertaken to ensure that the building is not likely to be taken out of use or substantially changed under any of the Spending Review processes, (e.g. Transforming Neighbourhood Services, Technical Services Review (in particular depots and stores) and UBB. Any such works will be re-appraised and subject to a change control procedure and where within the agreed scope be authorised by the Head of Operations.
- 4.17 If as a result there is surplus in the agreed budget it is recommended that this be allocated to other lower priority project works that are not included in the appendices of this report. These are works that would otherwise be brought forward in subsequent bids. Any such works will be explicitly for the long term benefit of the Council.

5. Financial, legal and other implications

5.1 Financial implications

It is proposed to release £1.748m from the 2017/18 and 2018/19 capital policy provisions for Property Maintenance, which total £3.4m.

Colin Sharpe, Head of Finance, Ext 37 4081

5.2 Legal implications

6.2.1. The Council has, in respect of the state of its buildings, a duty of care to anyone on its premises and to its employees, under the provisions of the Health and Safety at Work Act 194 (as amended). The extent of the action necessary under this duty of care should be determined as a result of a risk assessment. The Council also owes a statutory duty of care to its employees and others in its workplaces and a common law duty of care to visitors etc.

6.2.2. Responsible officers and members of the Council, as well as the Council itself, could be liable to prosecution under the Health and Safety at Work Act and under extreme cases the law of manslaughter, and if found guilty could be liable to a fine or imprisonment as well as civil liability.. Reasonable action must be put in place to mitigate risks. In addition, in respect of those properties subject to leases/tenancies, the Council will be required to ensure that these are repaired and maintained in order to comply with the Council's obligations as landlord.

6.2.3. As explained in 4.10-12 above, the Council should ensure compliance with its legal obligations in respect of the procurement of maintenance works in accordance with its Contract Procedure Rules (the works are below EU thresholds). If internal or external frameworks are used to procure the relevant works then the call off procedure will need to be complied with to ensure compliance and robust terms and conditions apply.

J McIvor, Principal Lawyer, Legal Services, ext. 37 1409

5.3 Climate Change and Carbon Reduction implications

The climate change implications associated with the proposed corporate property maintenance programme for 17/18 are limited because most of the works relate to statutory compliance and Health & Safety.

Improvements to roofing and replacement low-energy lifts represent opportunities to improve the energy performance of the buildings.

Mark Jeffcote, Environment Team x372251

5.4 Equalities Implications

Maintenance of assets/buildings along with improvements identified in the programme such as repairs and resurfacing improvements to paths and walkways along with lift upgrades will have positive impacts on service users and staff across all protected characteristics. Buildings and spaces designed to be accessible can become inaccessible if not maintained and managed effectively.

Surinder Singh Equalities Officer tel 37 4148

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

6. Background information and other papers:

7. Summary of appendices:

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No

9. Is this a “key decision”?

Yes

10. If a key decision please explain reason

In determining whether it is a key decision you will need consider if it is likely:

- to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.
- to be significant in terms of its effects on communities living or working *in two or more wards in the City*.

Expenditure or savings will be regarded as significant if:

- (a) In the case of additional recurrent revenue expenditure, it is not included in the approved revenue budget, and would cost in excess of £0.5m p.a.;
- (b) In the case of reductions in recurrent revenue expenditure, the provision is not included in the approved revenue budget, and savings of over £0.5m p.a. would be achieved;
- (c) In the case of one off or capital expenditure, spending of over £1m is to be committed on a scheme that has not been specifically authorised by Council.

In deciding whether a decision is significant you need to take into account:

- Whether the decision may incur a significant social, economic or environmental risk.
- The likely extent of the impact of the decision both within and outside of the City.
- The extent to which the decision is likely to result in substantial public interest
- The existence of significant communities of interest that cannot be defined spatially

