

## Report of the Cabinet Member for Finance and Strategy

Cabinet – 17 March 2016

### BUILDING CAPITAL MAINTENANCE PROGRAMME 2016/17

<b>Purpose:</b>	To agree the schemes to be funded through the Capital Maintenance programme
<b>Policy Framework:</b>	The Revenue and Capital Budget as reported to and approved by Council on the 25 <sup>th</sup> February 2016.
<b>Reason for Decision:</b>	To comply with Financial Procedure Rule No. 7 (Capital Programming and Appraisals) to commit and authorise schemes as per the Capital programme.
<b>Consultation:</b>	Finance, Legal, Access to Services & Education
<b>Recommendation:</b> that Cabinet:	
1)	Approves the proposed capital maintenance schemes as listed in Appendix A.
2)	Authorises the financial implications identified in Appendix B to be included in the capital programme.
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#### 1.0 Introduction

Cabinet has previously approved the Council's Asset Management Plan for Property Assets which sets out a series of measures to improve the management and performance of the property portfolio. This Report sets out the way in which the Capital Maintenance resources for 2016/17 will be deployed.

## 2.0 Capital Programme Process

On 25<sup>th</sup> February 2016, Council approved a Capital Maintenance allocation of £4m for the financial year 2016/17.

## 3.0 Objectives of Scheme

- 3.1 The proposals set out will directly support the corporate objectives of the Authority, in relation to the maintenance and improvement of the Authority's building portfolio.
- 3.2 This maintains the previous commitment to address the significant backlog of maintenance and minimise the potential effect of unforeseen breakdowns of building elements.
- 3.3 As was reported in previous building maintenance programme reports, attention needs to be drawn to the fact that the Authority still has significant backlog of maintenance and whilst there have been some reductions in this backlog, the limited programme contained within the 2016/17 budget, whilst being very important, will not remedy the immediate backlog which still amounts to in excess of £252m. Notwithstanding the current financial pressures, further budget provisions will therefore need to be made in subsequent years to maintain this investment and minimise the risks of failure and unplanned closures.
- 3.4 The list of identified schemes (**Appendix A**) has been selected on a priority basis. The criteria for selection (unless otherwise stated) was based upon Condition rating, Legislative compliance, Health and Safety implications, likelihood of failure and business continuity. Whilst all schemes have been selected on this basis there are a number of similar priorities which we are unable to progress within the budgets available.

## 4.0 Description of Schemes

- 4.1 The recommended list of schemes is included in **Appendix A** and to assist, a brief summary of the planned works have been included as follows:-
- 1a) **Statutory Compliance - Electrical**  
The schemes listed consist of total rewires, partial rewires or upgrades to ensure safety and compliance with electrical regulations and maintained operation of the premises.
- 1b) **Mechanical/Heating Schemes**  
The schemes listed in this section deal with the avoidance of heating failures within our establishments on a prioritised basis.
- 1c&1d) **Statutory Compliance - Legionella and Asbestos**  
As a result of the existing policy to enable compliance with the legionella and asbestos legislation, capital repairs arising out of risk assessments and surveys need to be carried out to retain compliance.

These upgrades are actioned throughout the year and therefore a list of schemes cannot be prepared in advance. Separate revenue monies have been set aside to deal with the ongoing management process and minor repairs.

1e) **Statutory Compliance – Radon**

Further to the Welsh Government's directive for awareness programme of RADON in schools, and in line with the "Ionising Radiations regulations 1999".

Welsh Government produced a directory of all schools that require testing for Radon; currently we have completed testing in all schools in the high risk areas. There is a need to carry out further testing within the remaining schools.

1f) **Statutory Compliance – Glazing Regulations**

Following Notice served by the Health and Safety Executive, money was set aside for 2006/07 to allow safety filming of relevant glazing within schools. Following the completion of these works the Authority was advised by the HSE that it needs to demonstrate its ongoing commitment relating to all of its remaining buildings and the allocation for 2016/17 will allow this process to continue.

1g) **Statutory Compliance – Accessibility for Disabled People**

The ongoing review of the Authority's Strategy by The Chief Operating Officer with consultation with Local Access Groups would lead to the prioritisation of buildings within the available budget for 2016/17.

2) **Essential Building Repairs**

The schemes listed in **Appendix A** are a combination of prioritised schemes and allowances linked to the ongoing maintenance strategy.

2a) **Essential Repairs to Listed Buildings**

In line with the Listed Buildings Strategy agreed by Cabinet on the 6<sup>th</sup> January 2014, Corporate Building and Property Services will liaise with planning officers and ensure that the available budget will continue a programme dealing with the Authority's listed assets on a prioritised basis.

3) **Drainage Works to Schools**

Previous allocations have been made to initiate a programme of drainage surveys to all of the Authority's Schools. This has identified a range of significant repairs which, if rectified, should assist the Authority in mitigating future structural failures and health and safety issues within the Schools. Minor repairs should be undertaken by Schools in line with their delegated budget.

4) **Energy/Sustainability Investment/Carbon Reduction Commitment**

The budget for 2016/17 will allow the extension of good practice measures to reduce the Councils energy use and carbon emissions. The planned programme of works will help deliver on the Councils Carbon Reduction Strategy approved by Cabinet on the 17<sup>th</sup> November 2011 and help mitigate the Authority's financial obligation within the Carbon Reduction Energy Efficiency Scheme (CRC). It will also explore the opportunities linked to micro generation. CB&PS is currently in the process of finalising an Energy Management Strategy which will determine how we consider future renewal technologies. When the strategy is completed there will be more scope to consider the funding of future renewal technologies via this element of the budget.

5) **Fire Risk Assessments**

The Council is required to undertake Fire Risk Assessments as dictated by *The Regulatory Reform (Fire Safety) Order 2005*. Mid & West Wales Fire Service (M&WWFS) who are responsible for the enforcement of general fire safety legislation to include *The Regulatory Reform (Fire Safety) Order 2005*.

A joint approach now takes place with M&WWFS who inspect council owned assets and at times can highlight a number of measures that require attention in relation to fire safety. It is difficult to quantify the scale of works required; therefore a budget will be allocated and monitored accordingly in line with prioritised actions.

6) **Emergency Reserve Fund**

This limited fund will allow immediate response to potential building failure to avoid significant disruption, Health and Safety risk or closure. This is a limited amount which will be allocated on a priority basis throughout the year and therefore individual schemes are not listed.

7) **Match Funding**

The Capital Maintenance programme has previously included an element for match funding capital projects within schools. This has allowed the Authority to develop a joint and consistent approach in dealing with the maintenance backlog problem within our Education Portfolio by pooling resources or project where "liability" under the division of responsibilities is ambiguous. This works with schools using their devolved maintenance allocation, thus allowing more significant repairs to be undertaken. The programme has been highly successful, with approximately 70 projects being delivered. Whilst the funding pressures on schools are also recognised, it is proposed that during 2016/17 a further allocation is made to match fund medium value projects.

8) **Disposal of Building Assets**

As part of 'Sustainable Swansea' there will inevitably be a reduction in the number of building assets in the ownership of the City and County of Swansea. All works identified within **Appendix A** have been selected on a priority basis and those deemed at risk of failure. As part of the process there were a number of assets identified as requiring capital investment, however there was uncertainty with regard to their long term future. To that end, funds will be set aside by way of a contingency, until the certainty of the building has been established. It would therefore not be the intention to invest in such assets if the likelihood is that they are to be released, closed or transferred. However, where such work is unavoidable an allocation has been proposed but this is the minimum to allow continued short term occupation. Clearly should the identified element of works fail in the short term, there may be a need to invest to maintain service provision, rental income etc.

9) **Preliminary Design**

This limited budget will allow initial design to commence for schemes likely to feature in 17/18 which will in turn inform the future work programme allowing early procurement and maximise spend against profile.

4.2 **QEd Programme**

- 4.2.1 The proposed list of schemes listed under **Appendix A** is based on the technical assessment of the individual establishments, resulting in the prioritised listing attached. However consultation has taken place with Education colleagues to confirm that none of the suggested schemes will conflict with the Authority's current QEd 2020/21<sup>st</sup> Century Schools Programme.
- 4.2.2 An additional allocation is due to be made in the 16/17 Capital programme to deal with high priority issues in schools that currently fall outside the immediate Band A programme.
- 4.2.3 Band A of the QEd 2020 / 21<sup>st</sup> Century Schools Programme does not come to an end until 2019, and consequently any future phases could not be implemented until post 2019.
- 4.2.4 There is therefore a need to be prepared to address short term accommodation pressures, suitability and safeguarding / health and safety issues in the interim.
- 4.2.5 Separate Financial Procedure Reports (FPR7) will be submitted as and when these schemes are developed.

## **5.0 Equality and Engagement Implications**

- 5.1 The Capital maintenance investment within building assets in Swansea will help to realise a more sustainable asset portfolio for the City and County of Swansea. Where relevant, each specific project for which funding is agreed will be screened for an Equality Impact Assessment.

## **6.0 Financial Implications**

### **6.1 Capital**

The total capital cost of the schemes amounts to £4m capital maintenance and will be fully funded by the Authority's own resources (Welsh Government Grant/Forward Borrowing). Details are set out in **Appendix B**.

### **6.2 Revenue**

Maintenance costs will be met from existing revenue budgets.

## **7.0 Staffing Implications**

- 7.1 Elements of the design and works will be procured externally to supplement in-houses resources although first call will be to seek interest from neighbouring Authorities.

## **8.0 Procurement**

- 8.1 The 2016/17 Capital Maintenance projects identified within **Appendix A** of this report will therefore be delivered by a combination of in-house resources, with other projects procured via traditional tender processes. Any externalised works will be procured in accordance with Contract Procedure Rules (CPRs) and procurement rules and regulations.

## **9.0 Legal Implications**

- 9.1 As indicated in Paragraph 4 of the Report, the Council must comply with various statutory requirements as well as general obligations under the Occupiers Liability Acts.

**Background Papers:** None

**Appendices:**

Appendix A: Capital Maintenance Budget 2016/17 – Proposed Programme

Appendix B: Financial Implications Summary