

**PART ONE - PUBLIC**

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**Decision Maker:**        **EXECUTIVE**

**Date:**                    **9<sup>th</sup> February 2022**

**Decision Type:**        Non-Urgent                    Executive                    Key

**Title:**                    **OPERATIONAL BUILDING MAINTENANCE BUDGETS AND  
PLANNED PROGRAMME 2022/23**

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**Chief Officer:**            Director of Housing, Planning, Property and Regeneration

**Ward:**                    (All Wards);

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1. Reason for report

- 1.1 Members of the Executive considered the initial Draft 2022/23 Budget at their meeting on 12<sup>th</sup> January 2022 and elsewhere on this agenda are asked to approve the final draft budget and capital programme proposals to recommend to Council. This report sets out indicative budget allocations reflected in the Draft 2022/23 Budget report for operational building maintenance against the three sources of funding: the repairs and maintenance budget, the Building Investment Fund and the earmarked reserve for Infrastructure Investment.
- 1.2 This report all provides a brief update on the Operational Property Review and seeks approval to draw down from the Growth Fund for a Programme Manager to support feasibility work.

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2. **RECOMMENDATION(S)**

Members of the Executive are asked:

- 2.1 Noting the proposals set out in the Draft 2022/23 Budget report and subject to Council agreeing the budget, to approve the following expenditure for operational building maintenance for 2022/23:
  - Repairs and maintenance - £2.314m
  - Earmarked reserve for Infrastructure Investment for essential and statutory works - £1m

- 2.2 To note provision of £2m in 2022/23 and £2m in 2023/24 to a Building Investment Fund, as included in the Draft 2022/23 Budget report
- 2.3 As included in the Capital Strategy 2022 to 2026 report, to note a new Capital Programme for Operational Estate Maintenance Programme totalling £20.257m, phased over the next three financial years as set out in 3.7
- 2.4 To delegate authority to the Director of Housing, Planning, Property and Regeneration to vary the programmes and budget allocations where such action is considered necessary to either protect the Council's assets or make the most effective use of resources.
- 2.5 to approve the request for £65k to be drawn down from the Growth Fund earmarked reserve for the appointment of a Programme Manager to support the delivery of the next phase of the Operational Property Review.

### Impact on Vulnerable Adults and Children

1. Summary of Impact: The maintenance of the estate is essential to enable the provision of services for children and vulnerable adults, such as those delivered from Children & Family Centres, day centres and other Council owned assets.
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### Corporate Policy

1. Policy Status: Existing Policy
  2. BBB Priority: Excellent Council
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### Financial

1. Cost of proposal: £2.314m annual revenue costs; £5.065m non-recurring revenue costs; £20.257m capital costs
  2. Ongoing costs: N/A
  3. Budget head/performance centre: Repairs and Maintenance Budget
  4. Total current budget for this head: £2.314m
  5. Source of funding: 2022/23 revenue budget; Earmarked Reserve for Infrastructure Investment; Central Contingency; Capital Receipts; Growth Fund
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### Personnel

1. Number of staff (current and additional): 1 FTE
  2. If from existing staff resources, number of staff hours: Not applicable
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### Legal

1. Legal Requirement: Statutory Requirement
  2. Call-in: Applicable
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### Procurement

1. Summary of Procurement Implications: The Operational Building Maintenance budget should be spent in accordance with the Council's Contract Procedure Rules.
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Borough wide
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

3.1 Under the 'Transforming Property Programme' (HPL2020/001), it was agreed that the Total Facilities Management contract provided by Amey Community Ltd would end on 30<sup>th</sup> September 2021 and a corporate landlord model of property management would be implemented. Facilities management services for the Council's operational property portfolio are now provided through in-house resources together with a new supply chain, the details of which were reported to the ERC PDS in October 2021 (HPR2021/052).

3.2 As part of the transformation of the service, the council has undertaken an initial review of the maintenance requirements within the operational estate and this report outlines the proposed allocations within the repairs and maintenance budget for 2022/23.

#### **Building Maintenance Budget for 2022/23**

3.3 The annual repairs and maintenance budget, excluding any specific adjustments for the 2022/23 financial year, is £2.314m. This budget is broken down into the following budget heads:

- Reactive Maintenance
- Cyclical Maintenance
- Asbestos Management
- Water Treatment Works
- Fire Risk Assessments
- Planned Programme

3.4 Over and above this annual maintenance budget, the Executive previously approved an additional provision of £1m in each of the financial years 2021/22 and 2022/23 to be set aside in an earmarked reserve for Infrastructure Investment to fund essential and statutory works.

3.5 As part of the Transforming Property programme, a review of the condition of the operational estate has commenced. Although not yet complete, an initial assessment has indicated that additional funding is required to supplement the existing building maintenance programme, primarily for the urgent or essential renewal of assets or building fabric where these are beyond economic repair. Therefore, the Draft 2022/23 Budget reported to the Executive on 12<sup>th</sup> January 2022 included an additional and initial provision of £2m to enable such key building works through the creation of the Building Infrastructure Fund. The full detailed assessment of the condition of the estate will be reported to a future meeting of the Executive to be considered with proposals from the Operational Property Review.

3.6 With the additional funding identified in paragraphs 3.4 and 3.5, the total proposed budget provision for operational building maintenance in 2022/23 is therefore £5.314m. This report sets out the indicative allocations made against this budget.

3.7 Separately, the Capital Strategy 2022 to 2026 report also being considered by the Executive on 9<sup>th</sup> February 2022 includes a proposal to establish an Operational Estate Maintenance Programme to invest in the strategic renewal of assets in the operational estate as follows:

- 2023/24 - £7.5m
- 2024/25 - £7.5m

- 2025/26 - £5.257m

At this stage it is important to note that these sums may change as the Operational Property Review clarifies what is required for the estate, but it is considered sensible to make an initial allocation at this time in anticipation of the full Operational Property Review assessment.

### **Reactive Maintenance**

- 3.8 Funding for reactive maintenance is allocated to individual service cost centres based on previous year's expenditure. This budget is used to fund works of an unplanned or emergency nature enabling the Council to keep operational buildings open and to provide services to the people of Bromley. The proposed budget for 2022/23 is £1.142m.

### **Cyclical Maintenance**

- 3.9 Cyclical Maintenance represents a periodic programme of weekly, monthly, semi-annual, annual, quinquennial and so on routines, which are based on statutory requirements and recommended maintenance routines for major and important plant. It ensures compliance with statutory regulations and ensures that major plant is maintained properly. The proposed budget for 2022/23 is £458,845.

### **Asbestos Management**

- 3.10 A budget allocation of £75,325 has been made for asbestos maintenance; this enables the Council to meet its statutory obligations for the management of asbestos in its buildings, which includes annual condition monitoring, maintenance, testing and removal.
- 3.11 The costs of asbestos inspection and removal prior to the commencement of building projects, including those in the planned programme should be included in individual project budgets; the planned programme items include a contingency allowance for such costs.

### **Water Treatment Works**

- 3.12 A budget allocation of £88,650 for 2022/23 has been made to ensure that the council meets its statutory obligations in relation to the control of legionella and water hygiene.

### **Fire Risk Assessments**

- 3.13 The Regulatory Reform (Fire Safety) Order 2005 requires those in charge of commercial buildings to carry out detailed fire risk assessments regularly. There is no fixed period for carrying out assessments, but they should be carried out whenever there are significant changes, which could affect the fire risk, including changes to the building, staff, occupancy, activities, legislation etc. Identifying when significant changes occur is an almost impossible task for building owners, particularly if, as in Bromley's case, there are so many different departments and organisations responsible for their management, so the Council has adopted best practice and is carrying out the Fire Risk Assessments annually in respect of the buildings it occupies. The proposed budget for 2022/23 is £26,280.

### **Planned Programme 2022/23**

- 3.14 The planned programme funds planned works on operational properties and on investment properties for which the Council has repairing obligations under the terms of the lease or tenancy agreement. The planned programme safeguards the long-term life of the Council's property portfolio and is used for high cost items of work that cannot be funded from other budgets. It includes only the very highest priority schemes. It is also used to deal with any in year emergencies.

3.15 Table 1 below shows the proposed planned programme for 2022/23, the estimated value of which is £523k.

<u>Table 1: Planned Programme 2022/23</u>			
<b>Property</b>	<b>Description of Activity</b>	<b>Indicative Budget Allocation £,000</b>	<b>Comments</b>
Biggin Hill Recreation Ground Pavilion	Replacement roof coverings	60	
Churchill Theatre	Roof repairs	40	
Civic Centre	Replacement lift in Council Chamber, replacement of main entrance doors (Stockwell Building)	85	
Community Vision Children and Family Centre	Replacement of 2 boilers	25	
66/68 Cotmandene Crescent	Replace roof coverings	60	
Hayes Library	Damp works	30	
Shortlands Library	Damp works	25	
Southborough Library	Replacement boilers	45	
Saxon Day Centre	Roof coverings over toilet blocks and replacement of kitchen extract system	105	Urgent works to maintain operations
Contingency		48	
<b>TOTAL</b>		<b>523</b>	

### **Building Infrastructure Fund**

3.16 Table 2 below sets out the proposals for the £2m Building Infrastructure Fund which is included in the Draft 2022/23 Budget report elsewhere on this agenda:

<b>Table 2: Building Infrastructure Fund</b>			
<b>Property</b>	<b>Proposed works</b>	<b>Indicative Budget Allocation £,000</b>	<b>Comments</b>
Astley Day Centre	Replace 2 no boilers, replace sheeted roofing to garage, box gutters to main workshop roof	125	
Bromley Valley Gymnastics Centre	Roof and external fabric repairs	100	
Cemeteries	Repairs to pathways and fencing	70	
Central Depot (Waldo Road)	Repairs to hardstanding, road and Waste Transfer Station	120	Works outside the scope of the existing Depot Improvement Programme
Central Library, Bromley	Mechanical and electrical repairs (incl boiler repairs)	100	
Churchfields Depot	Repairs to hardstanding, road and Waste Transfer Station	80	Works outside the scope of the existing Depot Improvement Programme
Churchill Theatre	Repairs to air handling system, water pump repairs and canopy over external staircase	360	
Civic Centre	Solar reflective paint to roof of Palace, East Wing and West Wing; replacement windows, fascia and soffit elevations to Palace; replacement doorsets to roof of East Wing and West Wing	146	
Croydon Road Recreation Ground Bows Club	Cladding to clubhouse	40	
Darrick Wood Pool	Replacement of high level radiators over pool	40	
Goddington Bows Club	Replacement of roof coverings	44	
8 Masons Hill (YOS)	External repairs	40	
Parks Infrastructure (general)	Repairs to pathways, potholes, fencing	250	
Petts Wood Recreation Ground Pavilion	Roofing	60	
Poverest Bows Club/Excelsior	New roof structure and coverings	90	
Queensmead Bows Club Pavilion	Replace cladding/insulate	40	
Waterman's Square	Archway repairs	30	
West Wickham Leisure Centre	Boiler and air handling unit replacement	150	
Contingency		115	
<b>TOTAL</b>		<b>2,000</b>	

## Earmarked Reserve for Infrastructure Investment

3.17 At their meeting on 13<sup>th</sup> January 2021, the Executive agreed to an additional provision of £1m in both 2021/22 and 2022/23 to be set aside in the Infrastructure Investment earmarked reserve to fund essential and statutory works. Following the end of the Total Facilities Management contract with Amey, a review of the recommendations for such works provided via the Planned Preventative Maintenance assessments is underway and required investment will be prioritised. Officers have notionally allocated the £1m for 2022/23 from the earmarked reserve for use as set out in the table below:

Proposed Works	Description	Indicative Budget Allocation £,000
Electrical upgrades	Allowance for statutory electrical works following tests	250
Fire Risk Assessment Remedials	Allowance for replacement and major repair	150
Mechanical Upgrade	Allowance for replacement and major repair	200
External repairs	Allowance for replacement and major repair	200
General contingency	For emergency or urgent works	200
<b>TOTAL</b>		<b>1,000</b>

## Variations to budget allocations

3.18 As has been agreed in previous years, it is recommended that the Director of Housing, Planning and Regeneration be delegated authority to vary the planned programme or the budget allocations within the repairs and maintenance budget to take any actions necessary to either protect the Council's assets or make the most effective use of resources.

3.19 It should be noted that the planned programme, Building Infrastructure Fund and works to be funded from the earmarked reserve for Infrastructure Investment may be reviewed and revised on the outcome of the Operational Property Review, however the works identified in the tables above are likely to be required irrespective of any proposals arising from the review given their urgency and/or essential nature.

## Operational Property Review

3.20 Following report HPL2020/000, it was agreed that the Council would undertake a review of its operational property. The primary objective of the Operational Property Review is to identify the council's optimal operational estate which balances current and future accommodation requirements for excellent service delivery with the overarching need to achieve value for money across the council's finances and estate.

3.21 Work has been underway to gather a data to be used to build the business case to sit behind an Operational Accommodation Strategy, including engagement with business areas through

Directors and their leadership teams. This has informed a high level assessment of the estate including SWOT analyses, with action now being taken to develop options appraisals and feasibility assessments across nine workstreams.

3.22 To progress this work at the required pace, the Executive are requested to agree to allocate £65k from the Growth Fund for the appointment of a Programme Manager for an initial period of one year to support the feasibility work needed to generate the strategy.

3.23 The Operational Property Review will be reported back to members of the Executive later in 2022 once analysis and appraisals have been undertaken; the resulting Operational Accommodation Strategy will make recommendations for member consideration and direction.

#### **4. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

4.1 The maintenance of the estate is essential to enable the provision of services for children and vulnerable adults, such as those delivered from Children & Family Centres, day centres and other council owned or leased assets.

#### **5. POLICY IMPLICATIONS**

5.1 The management of the council's operational estate contributes to Ambition 5 of Making Bromley Even Better: to manage our resources well, providing value for money and efficient and effective services for Bromley's residents.

#### **6. FINANCIAL IMPLICATIONS**

6.1 The Draft 2022/23 Budget being considered by the Executive elsewhere on this agenda includes £2.314m for repairs and maintenance plus a further £1m to be set aside in the Infrastructure Investment earmarked reserve to for essential and statutory works.

6.2 Additional provision of £2m in 2022/23 and £2m in 2023/24 for a Building Investment Fund is also included.

6.3 The Capital Strategy 2022 to 2026 report also being considered by the Executive on this agenda includes a request to establish an Operational Estate Maintenance Programme of £7.5m in 2023/24; £7.5m in 2024/25 and £5.257m in 2025/26.

6.4 The cost of a Programme Manager for a one-year appointment is estimated at £65k and will be met from the Growth Fund earmarked reserve.

#### **7. PROCUREMENT COMMENTS**

7.1 This report contains no immediate Procurement Implications. The budgets for operational building maintenance for 2022/23 will need to be spent in accordance with the Council's Contract Procedure Rules, making use of any pre-existing contracts where appropriate to do so.

7.2 The actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

#### **8. LEGAL IMPLICATIONS**

8.1 There are a range of specific legal duties which requires the Council to undertake maintenance of its properties. Failure to ensure that its properties and buildings are maintained to a level to avoid risks to its staff and members of the public can lead to criminal and civil liability. The

funding is allocated against the different budget heads in a way that will ensure that the Council fulfils these obligations.

<b>Non-Applicable Sections:</b>	Personnel Implications
Background Documents: (Access via Contact Officer)	<p><b>FSD22001</b> Draft 2022/23 Budget and Update on Council's Financial Strategy 2023/24 to 2025/26</p> <p><b>HPR2021/052</b> Transforming Property: Update</p> <p><b>HPL2020/000</b> Transforming Property – Creation of a £30m Disposals Programme</p> <p><b>HPL2020/001</b> Transformation of Property Services Operational Building Maintenance Budgets and Planned Programme 2021/22 (January 2021)</p>