

Report No.
HPR2023/021

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: EXECUTIVE

Date: 29 March 2023

Decision Type: Non-Urgent Executive Key

Title: OPERATIONAL BUILDING REPAIR AND MAINTENANCE BUDGET 2023/24

Contact Officer: Keith Poles, Head of Facilities Management
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Chief Officer: Director of Housing, Planning, Property and Regeneration

Ward: (All Wards);

1. Reason for report

- 1.1 Members of the Executive considered the Council's draft 2023/24 Budget at their meeting on 8 February 2023. This report sets out indicative budget allocations reflected in the Draft 2023/24 Budget report for operational building maintenance against the two sources of funding: the repairs and maintenance budget, and the Building Investment Fund.

2. RECOMMENDATION(S)

Members of the Executive are asked:

- 2.1 Noting the 2023/24 Budget report approved by Executive on 8 February 2023, to approve the following expenditure for operational building maintenance for 2023/24:
 - Repairs and maintenance - £2.513m.
 - 2.2 To note provision of £2m in 2023/24 for the Building Investment Fund (BIF), as included in the 2023/24 Budget report, noting that this will be the last year of such provision.
 - 2.3 To note that combined these sums provide a total maintenance budget of £4.513m.
 - 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.

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: £4.513m annual revenue costs;
 2. Ongoing costs: N/A
 3. Budget head/performance centre: Repairs and Maintenance Budget
 4. Total current budget for this head: £4.513m
 5. Source of funding: 2023/24 Revenue Budget; Building Investment Fund; Capital Programme
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Personnel

1. Number of staff (current and additional): n/a
 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 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 2023/24.

Building Maintenance Budget for 2023/24

3.2 The maintenance budget is required to ensure that Council fulfils its statutory and legal obligations for the periods before and during the OPR implementation together with the ongoing obligations on those properties not included within the OPR.

3.3 The annual repairs and maintenance budget, excluding any specific adjustments for the 2023/24 financial year, is £2.513m. 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 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 2023/24 Budget reported to the Executive on 8 February 2023 included an additional provision of £2m to enable such key building works through 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.

3.5 With the additional funding identified in paragraph 3.4, the total proposed budget provision for operational building maintenance in 2023/24 is therefore £4.513m. This report sets out the indicative allocations made against this budget.

3.6 Since Covid the construction and building maintenance industries have seen significant supply chain issues relating both to supply of materials and also labour this is reported as being in the region of 20% in the construction industry with additional impacts within the maintenance industry, the latter appearing to suffer from delays due to availability of replacement components.

Reactive Maintenance

3.7 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 2023/24 is £1.114m.

Cyclical Maintenance

- 3.8 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 2023/24 is £0.56m.

Asbestos Management

- 3.9 A budget allocation of £92k 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.
- 3.10 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

- 3.11 A budget allocation of £249k for 2023/24 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

- 3.12 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 2023/24 is £70k.

Planned Programme 2023/2024

- 3.13 A Planned Programme of replacement of end-of-life assets such as boilers and fire detection systems are included within the above budget.
- 3.14 A number of special projects will need to be undertaken on operational properties and on investment properties for which the Council has repairing obligations under the terms of the lease or tenancy agreement. These works will safeguard 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 As these special projects are capital expenditure due to the fact the component assets are now beyond economic repair funding for these will be derived from either capital receipts or by individual business cases for Member consideration.

Variations to budget allocations

- 3.16 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.

Impact of Operational Property Review

3.17 Members will be aware that the Executive and Full Council recently agreed to an accommodation strategy and a series of work packages to be progressed to refurbish parts of the operational property portfolio. Once these packages have been specified (with both Service and Ward Member input) and market tested they will be brought back to the Executive for final consideration before awarding any contracts to proceed.

3.18 The work packages and capital sums identified for each are detailed below:

Description	Refurbishment Estimate
Children and Family Centres	£6.7M
SEN Services	£0.47M
Adult Day Centres and Care Homes	£12.11M
Cemetery Properties	£0.86M
Libraries	£10.77M
Group 2 Leisure Centres	£27.1M
Adult Education Centres	£7.4M
Youth Centres	£3.4M
Traveller Sites	£3M
Surface Car Parks	£1M
Contingency	£4m

These work packages are contained within the Capital Programme.

3.19 A separate report is being considered at this Executive meeting relating to the appointment of a construction consultancy services advisor to undertake the detailed specification works and consultations necessary to enable market testing.

3.20 The first and second phases of works are detailed below together with a suggested timescale of when these will be reported to the Executive for final consideration before awarding any contracts to proceed.

The following categorisation has been approved by the Executive as to which groups of property will be treated first.

Category 1	Category 2
2023/24 Scope and tender for Refurbishment Works Phase 1: Children and Family Centres SEN Services Adult Day Centres and Care Homes Cemetery Properties Libraries Group 2 Leisure Centres Refurbishment Works Phase 1 Programme in delivery.	2024/25 Refurbishment Works Phase 1 Programme in delivery – anticipated 1 year Programme Scope and tender for Refurbishment Works Phase 2: Adult Education Centres Youth Centres Traveller Sites. Refurbishment Works Phase 2 Programme in delivery.

3.21 The Maintenance budget detailed within this report is considered adequate to maintain those properties which form the operational estate or where the Council has a liability to undertake repairs and maintenance. Where properties are to be refurbished as part of the OPR then only critical and statutory works to ensure continuity of operations will be undertaken.

Future Years

3.22 The FM Team are also undertaking a comprehensive inspection of all components within the retained Operational Estate to compile a detailed component-based asset register. This work will be completed during 2023.

3.23 Combining the OPR works and asset register will enable future years FM/Maintenance budgets to be set against a regime which will ensure that the Council's properties are maintained to a high standard and will not fall into disrepair in future years.

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 2023/24 Revenue Budget approved by the Executive on 8 February 2023 includes £2.513m for repairs and maintenance. Additional provision of £2m in 2023/24 for a Building Investment Fund is also included.

7 PROCUREMENT COMMENTS

- 7.1 This report contains no immediate Procurement Implications. The budgets for operational building maintenance for 2023/24 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 Under the Local Government Act 1972 the Council has the power to acquire land for the purposes of its functions. The Council has the implied legal power to provide, maintain and improve its buildings and land. In support of this the Council has a legal power under section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.
- 8.2 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. These powers enable the Council to provide and commission through contracts the various work streams for each project outlined in this report.
- 8.3 As to whether any other works and/or services referred to in this report and in another report fall within the Public Contracts Regulations 2015 (which would necessitate the carrying out of full procurement exercise) is a matter which will require further detailed analysis and appraisal as to the recommended Procurement approach.
- 8.4 In order to progress the implementation of the programme and on-going maintenance strategy, each procurement will need to ensure it complies with the Council's Contract Procedure Rules and internal decision-making approval under the Council's Constitution. Officers should seek specific legal advice on any issue as may be appropriate.

Non-Applicable Sections:	Personnel Implications
Background Documents: (Access via Contact Officer)	FSD23012 2023/24 Council Tax – Executive Report dated 8 th February 2023 Operational Property Review Executive Report dated 30 th November 2022