



London Borough of Hammersmith & Fulham

**CABINET**

14 January 2013

**TITLE OF REPORT**

**CORPORATE PLANNED MAINTENANCE PROGRAMME 2013/2014**

**Report of the Leader of the Council, Cabinet Member for Children's Services,  
Cabinet Member for Community Care**

**Open Report**

**Classification - For Decision**

**Key Decision: Yes**

**Wards Affected: All.**

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Technical Services**

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**1. BACKGROUND**

1.1 The purpose of this report is to provide Members with proposals for the 2013/2014 Corporate Planned Maintenance Programme (CPMP) which is a fundamental element of the Council's strategy for dealing with the backlog of maintenance in response to the Asset Management Plan.

1.2 The CPMP is an annual programme of works to be carried out to Council properties excluding Housing and Schools which have their own separate programmes. The CPMP is made up of two main elements. The first element (Appendix A) being revenue funded works primarily covering servicing, associated repairs and testing of plant and equipment within buildings. A large element of this is required to meet statutory obligations (fire alarms, emergency lighting, electrical testing,

boilers, lifts, portable electrical appliances, control of Legionella) and is therefore unavoidable. The second element (Appendix B) is capital funded and concerns refurbishment works or the replacement of plant and equipment to buildings and arises from building surveys and bids from departments. This element has much more discretion on what is included in the programme for any particular year.

- 1.3 The opportunity is always taken to incorporate, where feasible, improvements to energy efficiency (e.g. new controls, more efficient equipment, Smart metering or higher levels of insulation) and improvements to access for disabled people (deaf alerts to fire alarms, accessible heights for controls, contrasting colours etc). The CPMP programme also co-ordinates and links to the Council's Removal of Physical Barriers (Disability Discrimination Act) programme in the provision of lifts, ramps and accessible toilets.

## **2. RECOMMENDATIONS**

- 2.1 That the 2013/2014 Corporate Planned Maintenance Programme and scheme budgets (Appendices A and B) be approved, subject to any amendments as agreed for operational reasons by the Executive Director of Finance and Corporate Governance and the Director of Building and Property Management.
- 2.2 That the Corporate Planned Maintenance Programme be monitored, incorporating operational changes made by the Executive Director of Finance and Corporate Governance and the Director of Building and Property Management via progress reports to the Leader.

## **3. THE 2013/2014 CORPORATE PLANNED MAINTENANCE PROGRAMME – APPENDICES A & B**

- 3.1 The unavoidable revenue programme is detailed in Appendix A. The funding requirement has remained the same as the 2012/2013 level of £1.237 million. The following factors should be noted;
  - In previous years a sum has been added to the revenue budget to reflect inflationary adjustments for the major contracts, which would have resulted in an increase of approx 4%. However given the extent of the property rationalisations over the past 12 months no adjustment has been necessary for 2013/2014.
  - It should also be noted that although there has been a reduction in demand on resources as the size of the property portfolio has decreased, to date, this has tended to have been balanced out

by the increase in demand for the associated works flowing from the various areas of Health & Safety compliance.

- The budgetary allocation for asbestos surveys has been maintained at the 2012/2013 CPMP level, to meet the costs of legislative changes in the requirements appertaining to the councils responsibilities for the management of asbestos.

- 3.2 Appendix B provides details of the recommended new capital schemes for 2013/2014 which match resources. It also provides indicative projects for first consideration for funding in 2014/2015 and 2015/2016. However it should be noted that the programmes for 2014/2015 and 2015/2016 are already oversubscribed and hence there is little or no opportunity to bring forward projects currently identified in the un-funded programmes. This will therefore need to be reviewed and prioritised to match the available resources and will subsequently be the subject of the CPMP 2014/2015 report this time next year.
- 3.3 Therefore as in previous years it is proposed that in order to deal with any operational changes to buildings or if urgent but un-funded works become apparent through the year, that the programme be subject to change and scheme substitution by the Executive Director of Finance and Corporate Governance and the Director of Building and Property Management in conjunction with Corporate Asset Delivery Team (CADT). As was the case for the 2012/2013 CPMP, quarterly monitoring (Cost, Progress and Variation) reports will be issued to CADT and the Leaders Asset Management Panel(LAMP) throughout the year.
- 3.4 The budget allocation against each capital scheme is at this stage indicative and subject to change as detailed design, consultation, and procurement are carried out. Historically some projects have cost more and others less than their initial budget allocation but the overall programme is managed and monitored via the quarterly reports to CADT and LAMP to ensure the total expenditure does not exceed resources.
- 3.5 The commitment of any individual capital project over £20,000 is subject to a Cabinet Member Decision (subject to endorsement at Cabinet briefing) providing the schemes falls within the criteria laid down in Contract Standing Orders (Ref 9.4). The overall spend on the programme and forecasted outturns (Capital and Revenue) are monitored via the General Fund, Capital Programme and Revenue Budget monthly reports to Cabinet.
- 3.6 The approval process for this report is as follows:

Report / Programme to CADT meeting :-	<b>15<sup>th</sup> October 2012</b>
Report / Programme BB Meeting:-	<b>28<sup>th</sup> November 2012</b>
Report / Programme to LAMP :-	<b>3<sup>rd</sup> December 2012</b>
Report / Programme to Cabinet Approval :-	<b>14<sup>th</sup> January 2013</b>

#### **4. THE 2013/2014 CORPORATE PLANNED MAINTENANCE PROGRAMME - FUNDING**

- 4.1 The budget for planned maintenance in 2013/2014 comprises £2.5 million capital. This sum must be considered provisional at this stage, as final funding approval will not be obtained until February 2013 at Budget Council. It has not been seen necessary to increase the revenue allocation, in line with inflation, due to the extent of property rationalisation over the past 12 months. Consequently the 2013/2014 level of funding remains as per the 2012/2013 sum at £1.237 million, This sum funds the unavoidable element of the programme which covers servicing and other non-capital works. The unavoidable revenue programme is detailed in Appendix A.
- 4.2 Whilst this level of funding will be able to deal with essential health and safety works, items to maintain wind and weather tightness and be able to continue to address the backlog of maintenance, Members should be aware that there is still a significant backlog outstanding.
- 4.3 As well as allocating capital resources the Council's Asset Management Plan continues to address the issue of backlog maintenance along with developing its Corporate Asset Management Strategy in line with the Councils Medium Term Financial Strategy. The backlog continues to be taken into account through the rationalisation of the Council's property portfolio, helping to identify those properties for disposal or refurbishment. The forward capital programme has prioritised and maintained the allocated £2.5 million capital funding for this purpose in order to continue to address and manage the backlog.
- 4.4 As part of the CPMP, condition surveys of the Council's property portfolio have been carried out during 2011. The information obtained provided invaluable up to date information on the Councils property assets in respect to providing a programme for future maintenance and an up to date assessment of the backlog maintenance liability.

## **5. TRANSITIONAL ARRANGEMENTS FOR PROGRAMME MANAGEMENT PROCESS AND FEES**

- 5.1 As part of the Tri-Borough Total Facilities Management (TFM) initiative, it is proposed that much of the Corporate Planned Maintenance Programme management, professional services and associated construction works will transfer to the new TFM contractor during 2013/2014, on the basis of a single source delivery. Consequently this process will result in a significant amount of financial transfer during the mobilisation period (April 2013 to September 2013), both in respects to the revenue and capital budgets. However this cannot be fully quantified until such time as the procurement process is completed and member approval has been gained, for commitment to the TFM contract. Consequently it is proposed that the financial implications of the TFM on the CPMP 2013 /02014 be reported to the Leader at LAMP as part of the CPMP monitoring process, as and when this information is available.
- 5.2 The professional services currently provided by EC Harris LLP, following previous market testing, will continue to be delivered under their current contract, until such time as the TFM contract is mobilised. It should also be noted that in accordance with the conditions of contract the break clause period has been instigated. Therefore for the remaining operable period of their contract, fees will continue to be calculated on the basis of the tendered schedule of rates, plus the cost of the Client Agent Team, which is funded via an overall percentage fee (15%) to the value of the commissions placed. This process will change with the advent of the TFM and the Tri-Borough client entity, the implications of which will be reported to the Leader at LAMP as part of the CPMP monitoring process.
- 5.3 CPMP projects will continue to be procured via the existing arrangements, until the TFM contractor has fully mobilised and has a robust process in place to achieve a successful transfer of this service area. Consequently there will inevitably need to be resources retained to ensure the residual programme of works are delivered and final accounts etc both for professional services and construction works are settled

## **6. EQUALITY IMPLICATIONS**

- 6.1 An Equalities Impact Assessment has been prepared for this report and is available electronically.

## **7. FINANCE AND RESOURCES IMPLICATIONS**

- 7.1 Provision of £2.5 million is set aside within the 2013/14 Capital Programme for the Corporate Planned Maintenance Budget. Allowance is also provided for the £1,237,000 revenue charge within forward financial estimates.
- 7.2 It should be noted that there is an existing carried-forward Planned Maintenance budget of £5.2m. These funds have been provisionally earmarked and have, in part, been accumulated to fund larger scale maintenance projects. Corporate Finance are liaising with colleagues in the Property department to review, and challenge where necessary, the use of these funds. A full review of the programme will be undertaken before the end of 2012/13.

## **8. PROCUREMENT & IT IMPLICATIONS**

- 8.1 The Council's Contract Standing Orders (CSO) requires that Cabinet approval is given for all tender acceptances or orders to be placed under existing framework agreements where the value equals or exceeds £100,000. An exemption to this provision is contained in section 9 of CSO whereby the appropriate Cabinet Members can approve such tenders or orders where the actual value is below the estimated value and that estimated value has previously been approved by the Cabinet as a key decision. This report asks the Cabinet to approve such schemes for the forthcoming financial year as a key decision.

## **9. LEGAL IMPLICATIONS**

- 9.1 The Director of Law agrees with the recommendations of this report. The Council should ensure that individual projects are procured in accordance with the EU Procurement Rules and the Council's Contract Standing Orders.

**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS**

<b>No.</b>	<b>Brief Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	Correspondence and details of individual schemes, un-funded programmes, indicative programmes for future years	Mike Cosgrave Extension: 4849	T&TSD/BPM 6th floor Hammersmith Town Hall Extension King Street Hammersmith, W6 9JU
2.	Property Surveys		
3.	Details of Servicing Contracts to Plant and Equipment		
4.	Asset Management Plan (published)	Miles Hooton Extension: 2835	