

	London Borough of Hammersmith & Fulham CABINET 3 MARCH 2014
CORPORATE PLANNED MAINTENANCE PROGRAMME 2014/2015	
Report of the Leader of the Council- Councillor Nicholas Botterill	
Open Report	
Classification: For Decision Key Decision: Yes	
Wards Affected: All	
Accountable Executive Director: Nigel Pallace - Executive Director, Transport & Technical Services	
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1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide proposals for the delivery and funding of the 2014/2015 Corporate Planned Maintenance Programme for the Council's property portfolio. The cost of the works which constitutes the programme is divided between revenue and capital funding.
- 1.2 From the 1st October 2013 the Corporate Planned Maintenance Programme has been delivered as part of the TFM contract awarded to Amey Community Ltd (referred to as Amey) with the majority of works and professional services being delivered directly by Amey on the basis of a single source delivery of (Works and Professional Services).
- 1.3 The revenue budget remains as per 2013/2014 with no inflationary increase at £1.237 million Appendix A) and is based upon the authority's unavoidable plant maintenance and statutory compliance responsibilities.
- 1.4 The Capital programme (Appendix B) budget of £2.5 million is based upon the maintenance requirements identified from the condition surveys undertaken by EC Harris LLP. The £2.5 million capital allocation has been split with £1.175 million

(Works and Fees) allocated to works which are ring-fenced to the TFM contract and undertaken by Amey. The remainder of the CPMP (Capital Programme) £1.325 million will be allocated to projects identified under the H&FC accommodation strategy, such as Hammersmith Town Hall, and service department requirements, along with supplementing the core works arising from the condition survey programme. These works will contribute to a continuation in the reduction of the council's backlog maintenance.

- 1.5 All works will be the subject of close scrutiny in respect to obtaining best value and only works of an essential nature will be undertaken. It should also be noted that the final commitment of any individual capital project over £20,000 is subject to a Cabinet Member Decision or Key Decision subject to the value of works.

2. RECOMMENDATIONS

- 2.1 That approval be given to the 2014/2015 Corporate Planned Maintenance Programme and scheme budgets (as set out in Appendices A and B), subject to any amendments as agreed for operational reasons by the Executive Director of Finance and Corporate Governance and the Director for Building and Property Management.
- 2.2 To note that the Corporate Planned Maintenance Programme will be monitored, incorporating operational changes made by the Executive Director of Finance and Corporate Governance and the Director for Building and Property Management, via progress reports to the Leader.

3. REASONS FOR DECISION

- 3.1 The reason for this decision is to provide proposals for the delivery and funding of the programme and to obtain approval for the 2014/2015 Corporate Planned Maintenance Programme, which is a fundamental element of the Council's strategy for dealing with the backlog of maintenance in response to the Corporate Asset Management Plan.

4. INTRODUCTION AND BACKGROUND

- 4.1 The CPMP is an annual programme of works to be carried out to Council properties excluding Housing and Schools which have their own separate Capital and Revenue 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 the Council's capital funded projects, refurbishment works, the replacement of plant and equipment identified from the condition surveys and bids from departments.

- 4.2 From 1 October 2013 the delivery of the CPMP (revenue) for maintenance, statutory compliance management, inspection and associated works is delivered by the Tri-Borough Total Facilities Management (TFM) contract awarded to Amey. The strategic Intelligent Client Function (ICF- The Link) is delivered on a Tri-Borough basis and is hosted by Royal Borough of Kensington and Chelsea.
- 4.3 The Council's CPMP (capital) is delivered via the TFM contract and of the total annual programme of £2.5 million, approximately 50% has been identified under this contract, for works that arise from the condition survey programme each year. These works will contribute to a continuation in the reduction of the council's backlog maintenance figure in accordance with the Corporate Asset Management Plan and Carbon Reduction Programme. The remainder of the CPMP (capital) programme will be allocated to projects identified under the H&FC accommodation strategy, such as Hammersmith Town Hall, and service department requirements, along with supplementing the core works arising from the condition survey programme.
- 4.4 The opportunity will also be 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.
- 4.5 The Council has historically only undertaken emergency or health and safety works to the Town Hall. The Town Hall has not benefited from regular investment to maintain the fabric and infrastructure of the building. The proposed works to Hammersmith Town Hall will achieve two major objectives for the council which are to improve the internal and infrastructure fabric of the Town Hall which will reduce the current and backlog maintenance for this building and contribute to optimising the occupancy and use of the Town Hall. The former will provide the additional capacity the council requires to vacate Cambridge House and Glenthorne Road offices when the lease expires for each building. The council will save £1.4m on the rent and service charges for these leased in properties. In the longer term, the town hall will be able to accommodate substantially more staff through more flexible working in a more efficient open plan layout, enabling a reduction in the size of the replacement for the town hall extension. This will also avoid the cost of the council having to provide (or retain) additional office space elsewhere.
- 4.6 The King Street redevelopment scheme which has now received planning permission will provide much needed resources through a S106 agreement to contribute to the required investment in the Town Hall as well as new council offices to replace the town hall extension. Improved public, Members' and staff access to the building will be achieved by the provision of two lifts as well as a capital contribution towards the required works to the fabric and infrastructure of the Town Hall.

5. PROPOSAL AND ISSUES

- 5.1 From 1 October 2013 the delivery of the CPMP has changed with the revenue programme of maintenance, statutory compliance management, inspection and associated works being delivered via the TFM contract awarded to Amey.
- 5.2 The Revenue Programme is detailed in Appendix A. The funding requirement remains the same as for 2013/2014 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 inflationary adjustment has been necessary for 2014/2015.
 - 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 associated works flowing from the various areas of Health & Safety compliance.
 - The budgetary allocation for asbestos surveys has been maintained at the 2013/2014 CPMP level, to meet the costs of legislative changes in the requirements appertaining to the council's responsibilities for the management of asbestos.
 - The TFM procurement has delivered savings and this has been reflected in the council's Medium Term financial Strategy from 2013/2014 onwards.
- 5.3 As a result of the new delivery model, the format of the CPMP has been adapted to reflect the revised approach to prioritisation. Consequently Appendix B provides details of the recommended new capital schemes for 2014/2015 which matches the available resources. However the programme has been split to show the capital expenditure allocated directly under the TFM contract and the residual capital sum to be allocated against a range of projects as previously described.
- 5.4 As in previous years the programme also provides indicative projects for first consideration for funding in 2015/2016 and 2016/2017. However the programmes for 2015/2016 and 2016/2017 are already over-subscribed 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 2015/2016 report this time next year.
- 5.5 It should also be noted that the programme of works that have been prioritised against plant maintenance and statutory compliance programmes for this year only, have been based upon the condition survey data produced by EC Harris LLP. However, the new TFM contract via

Amey makes provision for the re-survey of the entire corporate property portfolio during 2014 and onwards. Consequently as these survey process progresses, these will likely result in prioritisation amendments and changes to the programme.

- 5.6 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, the programme be subject to change and scheme substitution by the Executive Director of Finance and Corporate Governance and the Director for Building and Property Management in conjunction with Corporate Asset Delivery Team (CADT). As was the case for the 2013/2014 CPMP, quarterly monitoring (Cost, Progress and Variation) reports will be issued to CADT and to the Cabinet Member throughout the year.
- 5.7 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 in accordance with the agreed protocol. 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 scheme 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.

6. FUNDING

- 6.1 The budget for planned maintenance in 2014/2015 comprises £2.5 million capital. This sum must be considered provisional at this stage, as final funding approval will not be obtained until February 2014 at Budget Council. It has not been necessary to increase the revenue allocation, in line with inflation, due to the extent of property rationalisation over the past 12 months. Consequently the 2014/2015 level of funding remains as per the 2013/2014 sum at £1.237 million; this sum funds the unavoidable plant maintenance and statutory compliance responsibilities and other non-capital works. The revenue programme is detailed in Appendix A.
- 6.2 The Council's CPMP continues to address the issue of backlog maintenance. The level of funding will predominately deal with essential health and safety works, items to maintain wind and weather tightness but will not eradicate the backlog maintenance. The backlog maintenance 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 maintenance.

7. OPTIONS AND ANALYSIS OF OPTIONS

7.1 Current And Future Service Delivery Model

- 7.2 As part of TFM the Corporate Planned Maintenance Programme management, professional services and associated construction works are delivered by the TFM contractor Amey (as of the 1st October 2013), on the basis of a single source delivery (Works and Professional Services).
- 7.3 The TFM contract commenced on 1st October 2013 and the 2013/2014 revenue allocation to Amey is 50% of the revenue annual sum (£618,500) and 50% of the annual capital allocation (£588,000).
- 7.4 The majority of construction works (excluding general and compliance maintenance) are currently undertaken under the Measured Term Contract (MTC), however post 1 October 2013 these works are now carried out by Amey. The option to implement the break clause in the MTC contract has been implemented and consequently no further works have been committed, under this contract, with the three frameworks contractors (Mulalley & Company Ltd, Kier Support Services Ltd and Philiam Construction & Development Ltd). It should however be noted that there may be projects being completed by our MTC contractor/s still.
- 7.5 General and compliance maintenance was delivered by a mixture of contractors and Works Practice (Direct Labour Organisation) and wherever practicable, the option to implement the break clause was implemented or in a limited number of cases, contracts have been novated across to Amey.
- 7.6 Part of the professional services currently provided by EC Harris LLP (ECH), following previous market testing, will in future be delivered directly under the TFM contract on a design & build basis. Amey will not only provide the various construction related services for all building maintenance, statutory compliance and construction projects up to a maximum value of £250,000, but will also provide the full range of professional services necessary to deliver the overall TFM package. It should also be noted that the overall project/programme management and monitoring role will be performed by the strategic Intelligent Client Function (ICF – The Link).
- 7.7 The break clause in the Professional Services Contract has been deferred until the completion of a number of major projects such as the Lyric Theatre, Hammersmith Library and proposals for Hammersmith Town Hall. Therefore the remaining contract period for the ECH 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.

8. CONSULTATION

- 8.1 The Corporate Planned Maintenance Programme has been developed in consultation with the various departments of the council and the council's current technical advisers E.C.Harris LLP.
- 8.2 Energy savings will be achieved on projects identified under the Energy initiatives (including the installation of SMART Auto Meter Reading) within the 2014/15 programme .
- 8.3 The Landlord's consent via a licence will be obtained where applicable.

9. EQUALITY IMPLICATIONS

- 9.1 Due to the maintenance and statutory obligations of the works there are no equality implications associated with this programme.

10. LEGAL IMPLICATIONS

- 10.1 The Director (Legal and Democratic Services) agrees with the recommendation 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
- 10.2 Implications verified/completed by: Kar-Yee Chan Solicitor (Contracts) 020 8753 2772.

11. FINANCIAL AND RESOURCES IMPLICATIONS

- 11.1 Provision of £2.5 million will be set aside within the 2014/15 Capital Programme for the Corporate Planned Maintenance Budget. Allowance is also provided for the £1,237,000 revenue charge within forward financial estimates.
- 11.2 Implications verified/completed by: Isaac Egberedu, Principal Accountant, 0208 753 2503.

12. RISK MANAGEMENT

- 12.1 The programme contributes positively to the management of property risk and maintaining our statutory health and safety duty. It is noted on the Council's Enterprise Wide risk register, number 6, Managing Statutory Duty. Where property related health and safety risks are identified they are now inform a risk register shared with the Bi-Borough Corporate Safety Unit and Council's Safety Committee at which a representative of Amey attends.
- 12.2 Implications completed by: Michael Sloniowski Bi-borough Risk Manager ext 2587.

13. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 13.1 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.
- 13.2 Implications verified/completed by: Alan Parry, Procurement Consultant (TTS) 020 8753 2581

LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Brief Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
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	Miles Hooton Extension: 2835	

LIST OF APPENDICES:

- Appendix A
- Appendix B