

	London Borough of Hammersmith & Fulham CABINET 2 FEBRUARY 2015
CORPORATE PLANNED MAINTENANCE PROGRAMME 2015/2016	
Report of the Cabinet Member for Finance - Councillor Max Schmid	
Open report	
Classification: For Decision Key Decision: Yes	
Wards Affected: All	
Accountable Executive Director: Nigel Pallace - Executive Director of 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 2015/2016 Corporate Planned Maintenance Programme (CPMP) 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 CPMP has been delivered as part of the Tri-Borough Total Facilities Management (TFM) contract with the majority of works and professional services being delivered on the basis of a single source delivery model (Works and Professional Services).
- 1.3 The revenue funding provision remains as per 2014/2015, at £1.237 million based upon the authority's unavoidable plant maintenance and statutory compliance responsibilities.
- 1.4 The Capital programme (Appendix A) budget of £2.5 million is based upon the maintenance requirements identified from the planned maintenance condition surveys. 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. 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 surveys. 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 by the Tri-Borough client organisation hosted by RBK&C (LINK) 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 £10,000 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 2015/2016 Corporate Planned Maintenance Programme and project budgets as set out in Appendix A to this report, 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 2015/2016 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 Corporate Asset Delivery Team and the appropriate Cabinet Member.

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 2015/2016 CPMP, 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 CHSD Properties) which have their own separate Capital and Revenue budgets. The CPMP is made up of two main elements. The first element is 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 Asbestos Management) and is therefore unavoidable. The second element (Appendix A) 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 The Council's CPMP (Capital) is delivered via the TFM contract and the budget is split with £1.175 million funding the TFM pledge, 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.

- 4.3 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.
- 4.4 In the past year the Council's accommodation strategy has further progressed, having vacated Cambridge House in August 2014, with works on programme to vacate 77 Glenthorne Rd in March 2015, the result of which is an annual saving of £1.4m on the rent and service charges for these leased in properties. As a consequence of these disposals, the Hammersmith Town Hall complex (HTH & HTHX) is now more or less fully populated; hence the refurbishment of HTH should now be considered a priority.
- 4.5 The proposed works to HTH will achieve three 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, address its legal responsibilities to maintain this Grade 2 Listed Building and contribute to optimising the occupancy and use of the HTH complex.
- 4.6 The works will enable the HTH building to accommodate many more flexibly deployed staff at any one time, through more flexible working in a more efficient open plan office layout. This will reduce the amount of space that would otherwise be needed following the closure of the HTHX. This in turn will allow the planned replacement for HTHX to be a significantly smaller building, along with avoiding the need to rent additional office accommodation elsewhere and the consequential additional ongoing cost that this would entail for the council.
- 4.7 In recent years the Council has only undertaken high priority or health and safety works to the Town Hall and consequently the Town Hall has not benefited from regular investment to maintain the fabric and infrastructure of the building. However CPMP funds have been set aside, in lieu of at least some of these works, in past years CPMP's and in the CPMP proposal for 2015/2016. These funds and those from the King Street redevelopment scheme S106 agreement will provide much needed resources and will significantly 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 also 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 1st October 2013 the delivery of the CPMP changed with the revenue programme of maintenance, statutory compliance management, inspection, associated works and overall responsibility being delivered via the TFM contract.
- 5.2 Similarly the format of the CPMP Capital Programme has been adapted to reflect the revised delivery model. Consequently Appendix A provides details of the recommended new capital schemes for 2015/2016 which matches the available resources. 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.
- 5.3 As in previous years the programme also provides indicative projects for first consideration for funding in 2016/2017 and 2017/2018. However the programmes for 2016/2017 and 2017/2018 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 2016/2017 report this time next year.
- 5.4 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).
- 5.5 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 £10,000 will be subject to a Cabinet Member Decision or Key Decision by Cabinet, 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 2015/2016 comprises £2.5 million capital. This sum must be considered provisional at this stage, as final funding approval will not be obtained until February 2015 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 2015/2016 level of funding remains as per the 2014/2015 sum at £1.237 million; this sum funds the unavoidable plant maintenance and statutory compliance responsibilities and other non-capital maintenance works.
- 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 CPMP delivery management, professional services and associated construction works are delivered on the basis of a single source delivery (Works and Professional Services).
- 7.3 The majority of construction works (excluding general and compliance maintenance) was previously undertaken under the Measured Term Contract (MTC), however post 1st October 2013 these works are now carried out under the TFM contract. The option to implement the break clause in the MTC contract was adopted and consequently no new 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 are still projects being completed or in the Defects Liability Period.
- 7.4 General and compliance maintenance was previously 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.
- 7.5 The professional services previously provided by EC Harris LLP (ECH), following previous market testing, are now delivered directly under the TFM contract on a design & build basis. All building maintenance, statutory compliance and construction projects up to a maximum value of £250,000. The TFM contract also provide the full range of professional services necessary to deliver the overall TFM package.
- 7.6 The break clause in the Professional Services Contract has been deferred until the completion of the Lyric Theatre, Hammersmith and the end of the Defects Liability Period for various other projects. Therefore the remaining contract period for the ECH contract, fees will continue to be calculated on the basis of the tendered schedule of rates.

8. CONSULTATION

- 8.1 The CPMP has been developed in consultation with the various departments of the council and the Council's current technical advisers LINK.
- 8.2 Energy savings will be achieved on projects identified under the Energy initiatives (including the installation of SMART Auto Meter Reading) within the 2015/16 programme .

8.3 The Landlord's consent via a license 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 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.

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 – funded from capital resources - will be set aside within the 2015/16 Capital Programme for the Corporate Planned Maintenance Budget. The Corporate Planned Maintenance programme is part of the Council's rolling capital programmes and the allocation of £2.5m reflects the indicative forward-year budgets in the existing capital programme and is also consistent with previous years' allocations. Allowance is also provided for the £1,237,000 revenue charge within forward financial estimates, again, consistent with allocations from previous years. As indicated in paragraph 6.1 above, these budgets are subject to Budget Council approval which is expected to take place in February 2015.

11.2 Implications verified/completed by: Christopher Harris Head of Corporate Accountancy & Capital, 0208 753 6440.

12. RISK MANAGEMENT

12.1 The programme contributes positively to the management of property, environmental risk and maintaining our statutory health and safety duty. It is noted on the Council's Enterprise Wide risk register, number 8, managing statutory duty and risk number 15 management of environmental risk. Where property related health and safety risks are identified they are now in the form of a risk register shared with the Bi-Borough Corporate Safety Unit and Council's Safety Committee.

12.2 Comments verified/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 CSO 12.6 & 12.6.1 whereby the appropriate Cabinet Member(s) can approve such tenders or orders where the actual value equals or 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 (Telephone 020 8753 2581).

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

	Brief Description of Background Papers	Name/Ext of holder of file/copy	Department / Location
1.	Details of Servicing Contracts to Plant and Equipment (exempt)	Dean Kendall 07739 315 396	The LINK Corporate Property Services Kensington Town Hall.

LIST OF APPENDICES:

Appendix A : Planned Maintenance Programme – draft programme 2015/16