


<p>London Borough of Hammersmith & Fulham</p> <p>CABINET DECISION</p> <p>8 FEBRUARY 2015</p>	 <p>hammersmith & fulham</p>
<p>CORPORATE PLANNED MAINTENANCE PROGRAMME 2016/2017</p>	
<p>Report of the Cabinet Member for Finance - Councillor Max Schmid</p>	
<p>Open Report</p>	
<p>Classification: For Decision</p> <p>Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Maureen McDonald-Khan - Building and Property Management</p>	
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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 2016/2017 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 Shared Services Total Facilities Management (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 model (Works and Professional Services).
- 1.3 The Capital programme budget of £2.5 million is based upon the maintenance requirements identified from the condition surveys undertaken by AMEY in 2013/2014. 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 LBHF 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 the continued reduction of the council's maintenance backlog.

- 1.4 All works will be the subject of close scrutiny by the appropriate body at the time 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 £25,000 is subject to a Cabinet Member Decision or Key Decision subject to the value of works.

2. RECOMMENDATIONS

- 2.1 That the 2016/2017 CPMP be approved subject to any amendments as agreed for operational reasons by the Strategic Director of Finance, the Director for Building and Property Management, with the final commitment of any individual project over £25,000 subject to a Cabinet Member Decision or Key Decision depending on the value of works.
- 2.2 That the 2016/2017 CPMP be monitored incorporating operational changes made by the Strategic Director of Financial Corporate Services and the Director for Building and Property Management, via progress reports to the Corporate Asset Delivery Team and the appropriate Cabinet Member.
- 2.3 That the 2016/2017 CPMP monitoring report be prepared for the Cabinet Member every quarter to show any deviations over or under £5,000 compared to the original key decision report for the year. Projects with variations under £5,000 are to be reported in the summary as a financial adjustment within the report.

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 2016/2017 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) that have their own separate Capital and Revenue budgets. The CPMP is made up of two main elements. The first element 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 Asbestos Management) and is therefore unavoidable. The second element is the Council's capital funded projects, refurbishment works, the replacement of plant and equipment identified from the condition surveys and bids from departments.

- 4.3 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 LBHF 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 In 2014 the Council's accommodation strategy has further progressed, having vacated Cambridge House in August 2014, and works completed on programme to vacate 77 Glenthorne Rd in March 2015, the result of which is an annual saving of £1.6m on the rent and service charges for these leased in properties. As a consequence of these asset rationalisation outcomes, Hammersmith Town Hall complex (HTH & HTHX) has accommodated some staff (Shared Services Adult Social Care, Fostering and Adoption) formerly in Glenthorne Road. The refurbishment and remodelling of Hammersmith Town Hall will result in the Town Hall being able to accommodate substantially more staff through more flexible working in a more efficient open plan layout.
- 4.6 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 responsibilities to maintain this Grade 2 Listed Building and contribute to optimising the occupancy and use of the Town Hall complex.
- 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 year's CPMP's and in the CPMP proposal for 2016/2017. 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 resident 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 has changed with the revenue programme of maintenance, statutory compliance management, inspection, associated works and overall responsibility being delivered via the TFM contract awarded to Amey.
- 5.2 As a result of the new delivery model, the format of the CPMP has been adapted to reflect the revised approach to prioritisation. 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 2017/2018 and 2018/2019. However the programmes for 2017/2018 and 2018/2019 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 2017/2018 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 Strategic Director of Financial Corporate Services 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 £25,000 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 2016/2017 comprises £2.5 million capital. This sum must be considered provisional at this stage, as final funding approval will not be obtained until February 2016 at Budget Council. The sum makes allowance within as variables which funds the unavoidable plant maintenance and statutory compliance responsibilities and other non-capital maintenance works. The sums have been based on current known risk register and previous years' work load experience.
- 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 by the TFM contractor AMEY, on the basis of a single source delivery (Works and Professional Services).

7.3 The majority of construction works (excluding general and compliance maintenance) were previously undertaken under the Measured Term Contract (MTC), however since 1st October 2013 these works have been carried out by Amey 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 framework contractors that were available at the time.

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 across to Amey.

7.5 The professional services are now delivered directly under the TFM contract on a design & build basis. Amey 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 appropriate body at the time.

8. CONSULTATION

8.1 The CPMP has been developed in consultation with the service departments and the council's current technical advisers AMEY via the 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 2016/17 programme .

9. EQUALITY IMPLICATIONS

9.1 There are no equality implications associated with this programme as the works are, in some cases, ensuring the Council meets its statutory obligations

9.2 Implications verified/completed by: Sebastian Mazurczak, Professional and Property Services - 020 8753 1707

10. IMPLICATIONS FOR BUSINESS

- 10.1 The council holds risk registers from conditions surveys carried out by ACL. The CPMP 2016/2017 will provide investment to carry out essential works as identified by risk where required, to properties resided by third party organisations. The purpose of the allowance is to enable the continued use of the properties thereby protecting income generation. Each situation will be reviewed and considered on a case to case basis.
- 10.2 Implications verified/completed by: Sebastian Mazurczak, Professional and Property Services - 020 8753 1707

11. LEGAL IMPLICATIONS

- 11.1 The Council is obliged to carry out essential maintenance works included in the CPMP for the welfare of its residents and to manage the risks at the various sites covered under it.
- 11.2 The Council should ensure that individual projects are procured in accordance with the EU Procurement Rules and the Council's contract standing orders. Use of TFM contract to deliver the CPMP would be in compliance with the Council's procurement law obligations.
- 11.3 The recommendations are accordingly endorsed.
- 11.4 Implications verified/completed by: Babul Mukherjee, Senior Solicitor (Contracts) – Tel. 0207 351 3410

12. FINANCIAL AND RESOURCES IMPLICATIONS

- 12.1 Provision of £2.5 million will be set aside within the 2016/17 Capital Programme for the Corporate Planned Maintenance Budget. The creation of this budget is subject to Budget Council approval which is expected to take place in February 2016.
- 12.2 Implications verified/completed by: Gary Hannaway, Head of TTS Finance – Tel. 0208 753 6071

13. RISK MANAGEMENT

- 13.1 Risk associated with the delivery of the programme are to be managed within the services existing risk management framework. This means that the service will identify any principal risks to the achievement of objectives, record them and undertake that they are allocated, measured, reviewed and mitigated. 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 Shared Services risk register, number 8, managing statutory duty. Where property related health and safety risks are identified they are now inform a risk register shared with the Shared Services Corporate Safety Unit and Council's Safety Committee at which a representative of Amey attends.

13.2 Comments verified by Michael Sloniowski, Shared Services Risk Manager. Tel. 0208 753 2587.

14. PROCUREMENT AND IT STRATEGY IMPLICATIONS

14.1 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.

14.2 Implications verified/completed by: Robert Hillman, Procurement Consultant – tel. 020 8753 1538

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.	None		

LIST OF APPENDICES:

None