



London Borough of Hammersmith & Fulham

Cabinet

7 FEBRUARY 2011

LEADER

Councillor Stephen Greenhalgh

**DEPUTY LEADER
(+ ENVIRONMENT AND
ASSET MANAGEMENT)**

Councillor Nicholas Botterill

**CABINET MEMBER FOR
CHILDREN'S SERVICES**

Councillor Helen Binmore

**CORPORATE PLANNED MAINTENANCE
PROGRAMME 2011/2012**

**Wards:
All**

The purpose of this report is to provide proposals for the 2011/2012 Corporate Planned Maintenance Programme.

CONTRIBUTORS

ENV(BTS)
DFCS
Corporate Asset
Delivery Team
ADLDS

Recommendations:

- 1. That the 2011/2012 Corporate Planned Maintenance Programme and scheme budgets (Appendices A and B) be approved, subject to any amendments as agreed for operational reasons by the Assistant Director Building and Property Management and the Director of Finance and Corporate Services.**
- 2. That the Corporate Planned Maintenance Programme be monitored, including operational changes made by the Assistant Director Building and Property Management and the Director of Finance and Corporate Services, via progress reports to the Deputy Leader.**

HAS A EIA BEEN COMPLETED? YES
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1. BACKGROUND

- 1.1 The purpose of this report is to provide Members with proposals for the 2011/2012 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. THE 2011/2012 CORPORATE PLANNED MAINTENANCE PROGRAMME – APPENDICES A & B

- 2.1 The unavoidable revenue programme is detailed in Appendix A. This sum has been maintained at the 2010/2011 level of £1.220 million, despite the inflation indices, continuing to increase for plant maintenance. 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
- 2.2 Appendix B provides details of the recommended new capital schemes for 2011/2012 which matches the available resources. However the extent of new start projects for 2011/2012 has been significantly curtailed, resulting from the reduction in funding for the CPMP 2010/2011 and the consequential carry forward of projects.

- 2.3 The CPMP 2009/2010 outturned at £2,603,649 against an approved budget of £3,755,000 and therefore the projected carry forward capital funding to meet the approved programme of works should have been £1,151,000, as reported in the end of year monitoring report. However EMT reviewed the 2009/10 mainstream expenditure slippage and agreed that the Corporate Planned Maintenance Programme slippage should be clawed back. Consequently it has been necessary for works to be deferred from the CPMP 2010/2011 to the CPMP 2011/2012, to match the available funding. Consequently this has had the effect of reducing the level of funding available for new start projects in 2011/2012. In addition to this a sum of £500,000 has been allocated from the CPMP 2010/2011 and 2011/2012 for property moves, to support the office accommodation rationalisation and Smart working programme Stage C.
- 2.4 It should be noted that the programmes for 2012/2013 and 2013/2014 are already heavily subscribed and hence there is only limited opportunity to bring forward projects currently identified in the un-funded programmes. However there are two main factors that will result in the regular review of the future years programme. Firstly, and as part of the ongoing CAMSYS project, the Council consultants (EC Harris LLP) will be carrying out building surveys of the existing portfolio to update the (now out of date) property data-base. Secondly, the ongoing review of the Council's utilisation of resources will inevitably result in further property disposals. Hence, and as in previous years, a flexible approach to the inclusion / exclusion of projects will be essential, to ensure that resources are used efficiently.
- 2.5 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 Assistant Director for Building Property Management and the Director of Finance and Corporate Services in conjunction with Corporate Asset Delivery Team (CADT). As was the case for the 2010/2011 CPMP, quarterly monitoring (Cost, Progress and Variation) reports will be issued to CADT and the Environment Cabinet Member meeting (ECM) throughout the year.
- 2.6 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 ECM to ensure the total expenditure does not exceed resources.
- 2.7 The commitment of any individual capital project over £20,000 is subject to a Cabinet Member Decision, providing the schemes falls within the criteria laid down in Contract Standing Orders (Ref 8.3) as detailed in Section 6 of this report. 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. THE 2011/2012 CORPORATE PLANNED MAINTENANCE PROGRAMME - FUNDING

- 3.1 The budget for planned maintenance in 2011/2012 comprises £2.5 million capital. The revenue allocation has been maintained at the 2010/2011 level of £1.220 million (See 2.1). This sum funds the unavoidable element of the programme which covers servicing and other non capital works.
- 3.2 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 (circa £16 million excluding Hammersmith Town Hall Extension). It should be noted that the backlog maintenance sum can only be considered indicative at the present time, given the need for updated building surveys which are programmed to commence early in 2011.
- 3.3 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 Council's 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 the next three years, in order to be able to continue to address and manage the backlog.
- 3.4 As part of the CPMP, condition surveys of the Council's property portfolio will be carried out during the early part of 2011. The information obtained will provide invaluable up to date information on the Council's property assets in respect to providing a programme for future maintenance and an up to date assessment of the backlog maintenance liability.

4. FEES

- 4.1 The professional services previously provided by Building Technical Services (Environment Directorate) are now, following market testing, being provided by EC Harris LLP. Consequently fees are calculated on the basis of the tendered schedule of rates plus the cost of the Client Agent Team, which is funded via a percentage fee to the value of the commissions placed. Fees are charged on the basis of 15% with final account reconciliation at the end of each financial year.

5. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

- 5.1 Provision of £2.5m is set aside within the 2011/12 Capital Programme for the Corporate Planned Maintenance Budget. Allowance is also provided for the £1,220,000 revenue charge within forward financial estimates.

6. COMMENTS OF THE ASSISTANT DIRECTOR FOR PROCUREMENT & IT STRATEGY

- 6.1 The Council's Contract Standing Orders (CSO) requires that Cabinet approval is given for all construction-related works for either tender awards or orders placed under existing framework agreements where the value exceeds £100,000. An exemption to this provision is contained in section 8 of CSO whereby Cabinet Members can approve such works where the tendered contract 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.

7. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

- 7.1 The AD (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.

LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS

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	BPM/EnvD 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	