

MUNICIPAL YEAR 2019/2020 REPORT NO. 175

MEETING TITLE AND DATE

Cabinet: 28 January 2020

REPORT OF:

Executive Director – Place

Contact officer and telephone number:

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Agenda – Part: 1

Item: 5

Subject: 2020/21 Corporate Condition Programme (CCP)

Wards: All

Key Decision No: KD 5004

PL 19.104C

Cabinet Member consulted: for Finance & Procurement – Cllr Mary Maguire

1. EXECUTIVE SUMMARY

- 1.1 The Council's Strategic Asset Management Plan (SAMP) describes our approach to the management of Council's property assets, including a set of core principles. Those principles include achieving 100% compliance, and managing our portfolio reduce expenditure and increase income.
- 1.2 The Corporate Condition Programme (CCP) addresses major repair works to the corporate property portfolio. The CCP does not cover schools, or housing maintenance, which are subject to different funding streams. The CCP (formerly known as the Building Improvement Programme (BIP)) has been a regular programme for many years. The CCP comprises works that the Council is contractually liable for, works to address health and safety risks and major repairs to ensure buildings remain operational and in good order.
- 1.3 The CCP works are prioritised based on condition survey information. The recommended is to increase the allocation from £1.5m to £2.5m from 2020/21 to address the current estimated total backlog for capital condition works on corporate properties of £18m.

2. RECOMMENDATIONS

- 2.1 That Cabinet approves the allocation of £2.5m for the 2020/21 Corporate Condition Programme (CCP), in line with the Council Capital Strategy 2020/21.
- 2.2 To delegate authority to the Cabinet Member for Finance and Procurement to approve variations within the Corporate Condition Programme (CCP) allocation for 2020/21.

3. BACKGROUND

- 3.1 The Council published in July 2019 a five-year Strategic Asset Management Plan (SAMP), which describes our approach to managing the Council's property assets. As part of this, a core principle is to achieve 100% compliance, alongside other principles to increase income and reduce expenditure.
- 3.2 To support the SAMP, regular capital investment is needed to remediate health and safety matters, repair problems and replace components which have reached the end of their life. This responsibility is addressed via the budget allocation in the Corporate Condition Programme (CCP).
- 3.3 This report seeks approval for amount to be added to the CCP for 2020/21 annual budget allocation; this is a rolling programme, which is carefully tracked to ensure priorities are met and the budget allocation is not exceeded.
- 3.4 Use of the annual allocation is prioritised based on condition survey information and other asset information. There will be emergency issues during the year that will have to be addressed using this programme requiring reprioritisation of the programme. Officers have to consider the Council's contractual obligations and health and safety risks when prioritising, using risk-based approach to determine the works that can be afforded within the budget.
- 3.5 This programme was formerly known as the Building Improvement Programme (BIP). The annual budget in previous years, has not increased from £1.5m, however, the recommendation in this report is to increase the budget for 2020/21 to £2.5m with the intention that this will be the minimum budget allocation for future years, subject to an annual Cabinet approval.
- 3.6 Refer to Appendix A for the proposed list of CCP projects for the 2020/21 allocation of £2.5m.

4. REASONS FOR RECOMMENDATIONS

- 4.1 The increase of the CCP annual allocation to £2.5m will allow the outstanding backlog maintenance of £18m to be gradually decreased. The backlog maintenance sum has built up over several years.
- 4.2 Capital investment in condition is required for buildings, their structure, engineering services and hard landscaped surroundings necessary to retain them, or help restore them, to an acceptable condition. These measures are required to enable their continued function, preserve value, integrity, and to meet the continued expectations of the occupier.

5. COMMENTS OF OTHER DEPARTMENTS

5.1 Financial Implications

- 5.1.1 The £2.5m CCP allocations will comprise £2.125m on capital works and £0.375m professional and technical costs.
- 5.1.2 The £2.5m capital budget for this programme will be wholly funded from borrowing.
- 5.1.3 The council's current average cost of borrowing is 3.5%. Total interest cost over a 25year repayment period for this amount of borrowing will be £1.3m. Total payments covering both interest and principal elements will be £152K per annum.
- 5.1.4 Annual maintenance costs arising from these works will be funded from existing property services revenue budgets.
- 5.1.5 The CCP allocation has been identified in the Capital Programme. The capital financing costs of all Projects in the Approval Cycle as well as those in the formally approved Capital Programme are built into the Council's Medium-Term Financial Plan.

5.2 Legal Implications

- 5.2.1 The Council, as a corporate landlord has numerous duties under common law and under statute (including Health and Safety at Work etc. Act 1974, Health and Safety Offences Act 2008, and Corporate Manslaughter and Homicide Act 2007, Occupiers liability Acts 1957 and 1984) with regards the premises that it owns and/or controls. These duties extend to all people on premises controlled by the Council whether or not they have lawful authority to be on those premises.
- 5.2.2 A well planned, executed and funded maintenance programme will assist the Council to demonstrate that it takes seriously its obligations as an organisation in control of premises and may assist it to defend any action taken as a result of any incident occurring on premises within its control. Section 120 of the Local Government Act 1972 permits the Council to acquire property for the purposes of performing its functions and s111 of the Local Government Act 1972 permits the Council to do anything that is incidental to a statutory function. The funding of a Capital Condition Programme would be within its powers.
- 5.2.3 The Council must ensure that any contracts for the repairs and maintenance are procured in accordance with the Council's Contract Procedure Rules and are in a form approved by the Head of Legal Services.

5.3 Property Implications

- 5.3.1 Regular and effective capital condition works are essential in ensuring the medium to long term health of a building. The programme been prioritised based on condition survey information, reflecting the Strategic Asset Management Plan (SAMP).
- 5.3.2 Failure to undertake appropriate capital condition works can lead to loss of property value, a building becoming unfit for purpose, and ultimate closure on suitability or health and safety grounds.
- 5.3.3 Effective capital condition works has the potential to reduce the level of carbon emissions produced by buildings. Energy efficiency gains will generally be realised for example, by renewing a boiler or a roof covering.
- 5.3.4 The CCP must reflect the Strategic Asset Management Plan (SAMP) in terms of corporate proposals for the future redevelopment, adaption or disposal of the properties in the portfolio.

6. KEY RISKS

- 6.1 The Corporate Condition Programme helps prevent major buildings failure and reduce total maintenance costs over time;
- 6.2 As detailed under "Legal Implications", should relevant statutory functions not be complied with, there is an increased possibility of legal action with associated financial penalties;
- 6.3 Under investment in capital condition works would not reduce the level of carbon emissions produced by buildings.
- 6.4 We would advise that regular review of the risk and issues assessment is planned by service, to track any developing issues or risks.

7. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

- 7.1 **Good Homes in Well Connected Neighbourhoods** – The Corporate Condition Programme (CCP) will invest in operational buildings based on prioritised condition criteria, unless there is a good economic, compliance or environmental argument to incorporate lower priorities. The aim is to prevent building failure and to ensure services to the public are not interrupted.
- 7.2 **Sustain Strong and Healthy Communities** - The proposed programme contains several environmental improvements, particularly in relation to the replacement of inefficient building services plant.

- 7.3 **Build our Local Community to Create a Thriving Place** – Capital investment to address poor condition reduces the risk that buildings fall into disrepair and improves the environment for staff and visitors.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 Corporate advice has been sought in regard to equalities and an agreement has been reached that for approval of the Corporate Condition Programme (CCP), an equalities impact assessment is neither relevant nor proportionate. However, it should be noted that the Council has a duty under the Equality Act 2010 to pay due regard to the needs of the protected characteristic groups. This includes ensuring that all public service provision is widely accessible to all users

9. PERFORMANCE AND DATA IMPLICATIONS

- 9.1 Regular monitoring of the programme and individual contracts will ensure value for money is obtained and support effective delivery.

10. HEALTH AND SAFETY IMPLICATIONS

- 10.1 The proper planning and timely maintenance and repair of Council buildings and associated assets, is fundamental in reducing risks to occupiers and members of the public.

11. PUBLIC HEALTH IMPLICATIONS

- 11.1 Capital investment to address poor condition reduces the risk that buildings improves the environment for staff and visitors. This should also be taken as an opportunity to improve the sustainability of buildings so encouraging active travel (for example cycle parking) and improvements such as insulation.

12. ALTERNATIVE OPTIONS CONSIDERED

- 12.1 Do nothing – Not sustainable given the current estimated total backlog for capital condition works on corporate properties is £18m.

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APPENDIX A – 3.6 Proposed list of CCP projects for the 2020/21 allocation of £2.5m

Ref	Priority	Property / Site	Works	Budget	Notes
1	Urgent Health & Safety	Various Sites	Remedial Works	£110,000	Works identified from Condition Surveys / Dangerous Structures / SAMP priorities
2	Asbestos Abatement	Various Sites	Remedial Works	£70,000	Works identified from management survey update as part of Asbestos Risk Management
3	Fire Audit	Various Sites	Remedial Works	£140,000	Recommendations from Fire Audit Surveys; includes Forty Hall & Millfield House, no fire separation between basement and ground floor
4	Public safety	Various Parks	Parks	£250,000	Five-year upgrade programme to all splash pads to improve public safety, plus, Broomfield House Scaffold safety check.
5	Public safety	Various Sites	External Decoration	£320,000	New annual programme for external decoration works to prevent deterioration of building fabric, programme determined from condition survey information.
6	Equalities	Corporate Offices	DDA Works	£120,000	Equalities Act (DDA) survey has identified various works that need to be progressed to allow better access around the Corporate Offices.
7	Staff safety	Various Sites	M&E Services Upgrades	£720,000	Works identified from condition surveys, will provide improved environment and make the buildings more sustainable
8	Staff safety	Civic Centre	B Block Roof / D Block Windows	£420,000	B Block roof covering requires continuous repairs / D Block windows beyond economic repair; replacements will increase thermal performance.
9	Staff safety	Enfield Business Centre	External Fabric, Roof & Window	£350,000	Works identified from condition survey, will provide improved environment for staff and make the building more sustainable
RECOMMENDED CCP BUDGET ALLOCATION 2019/20				£2,500,000	