

Name of meeting: Cabinet
Date: 19 March 2019

Title of report: 2018/19 and 2019/20 Corporate Landlord Asset Investment Capital Plan - Amendments to the detail of the approved 2018/19 Corporate Landlord programme and proposed allocation of 2019/20 capital funding

Purpose of report This report will identify potential projects, for Member approval, to be funded from the 2019/20 Corporate Landlord Asset Investment baseline section of the Capital Plan, seek Officer delegation to manage the plan and present an update on the delivery of the 2018/19 Corporate Landlord Asset Investment programme approved by Cabinet on 17th April 2018.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes – this reports proposes significant expenditure in excess of £250K
Key Decision - Is it in the Council's Forward Plan (key decisions and private report?	Yes
The Decision - Is it eligible for “call in” by Scrutiny?	Yes
Date signed off by Strategic Director & name	Karl Battersby - 22.02.2019
Date signed off by the Service Director for Finance?	Eamonn Croston - 11.03.2019
Date signed off by the Service Director for Legal, Governance and Commissioning?	Julie Muscroft - 6.03.2019
Cabinet member portfolio	Corporate - Cllr Graham Turner

Electoral wards affected: All
Ward councillors consulted: No
Public or private: Public

Have you considered GDPR? There are no GDPR implications relating to this report.

1. Summary

- 1.1 This report will identify projects to be funded from the 2019/20 Corporate Landlord Asset Investment baseline section of the Capital Plan, which was approved by Council on 13th February 2019.
- 1.2 Members will be asked to consider and approve the Corporate Landlord programme along with named projects as shown in **Appendix A** so that they can be committed in 2019/20 and to authorise delegated powers for officers to manage the programme within the overall budget envelope.
- 1.3 This report will also update Members regarding the delivery of the 2018/19 Corporate Landlord Asset Investment programme. It will report retrospectively on amendments and virements authorised by officers using delegated powers approved by Cabinet on 17th April 2018.

2. Information required to take a decision

(a) Background

- 2.1 The Corporate Landlord portfolio of assets includes, for example, Office Accommodation, Library and Information Centres, Children's Centres, Residential Homes, Town Halls, Public Halls, KAL, Museums, Crematoriums, Cemeteries and Parks.
- 2.2 There is an extensive backlog of repairs in corporate landlord assets, for which the Council has responsibility. Projects included in the programme of works are prioritised on urgent condition needs and health & safety issues. In addition, consideration is given to the future lifespan of each building, especially with the emphasis on reducing the Council's physical estate in order to generate revenue savings and capital receipts. The programme of works undertaken in support of the Council's Asset Investment programme primarily consists of, but is not limited to, the following categories of work:
 - Urgent Condition works e.g. replacement roofs and roof coverings, boilers and heating systems, fabric repairs and electrical works;
 - Compliance works e.g. fire safety improvements, asbestos removal works, H&S concerns and structural works.

Where appropriate, Corporate Landlord FM works together with Asset Strategy to create an overall investment package e.g. of condition works and strategic investment to ensure sustainability of an asset in the long term.

- 2.3 On 17th April 2018 Cabinet allocated funding from the approved Capital Plan to the Corporate Landlord Asset Investment baseline 2018/19 of £3.3M and approved the draft programme.
- 2.4 The 2018 Rollover Capital Plan approved by Council on 11th July 2018 included capital provision for the programme as indicated in the table below after a re-profiling exercise was undertaken to move £200K to 2019/20.

	2018/19 Feb Budget	Re-profiling	Rollover	2018/19 Revised Budget
Corporate Landlord Asset Investment	£3.300M	-£200K	£2.565M	£5.665M

(b) Programme amendments for 2018/19

- 2.5 The delivery of 2018/19 work programme is nearing completion; however there have been a number of changes dealt with under delegated powers to reflect emerging priorities, market conditions and emergency additions to the plan, in order to keep the 2018/19 programme within the overall programme totals. **Appendix B** names projects which have either changed, been deleted from or added to the programme.

(c) Proposed allocations for 2019/20

- 2.6 The five year Capital Plan 2019/20 - 2023/24 was approved by Council on 13th February 2019 and allocated £5.250M to the Corporate Landlord Asset Investment baseline for 2019/20. This was made up of:

- £1.750M to support the replacement cremators at Dewsbury and Huddersfield Crematoria – this investment has been subject to a previous separate Cabinet report in 2018;
- £1M to address fire safety issues across the Corporate Landlord portfolio, the detail of which was approved by Cabinet on 22 January 2019;
- An additional £1M for urgent condition works via the Corporate Landlord Asset Investment baseline, thereby increasing the 2019/20 budget to £2.5M. A list of the projects proposed to be undertaken using this funding is detailed at **Appendix A**.

- 2.7 The programme is summarised below:

Fire Safety Programme	£1.0M
Cremator Replacement Programme	£1.75M
Replacement of roofs & windows, structural repairs, safety and general refurbishments	£1.537M
Boiler replacements & heating distributions	£0.450M
Lift refurbishment / replacement	£0.175M
Health and Safety works	£0.080M
Risk Pot, advanced surveys and feasibility works	£0.258M
Total	£5.25M

- 2.8 Corporate Landlord Asset Investment funding is used to address urgent condition works across the Council's large physical estate. The current backlog of works significantly exceeds the amount of funding available and therefore works are considered on a priority basis. A rolling programme of condition surveys, together with local intelligence, is used to determine a prioritised list of schemes. Potential projects are brought forward for pre-scheme feasibility studies to identify more detailed cost estimates and scheme priority. The draft programme is also considered

by the Asset Strategy team. The agreed proposed programme presented in **Appendix A** is based on the most up to date cost and feasibility information, strategic input and budget availability.

2.9 Excluding the replacement cremators and fire safety works, the total value of new condition works proposed for 2019/20 is £2.242M. In addition to this the following capital allocations have been put forward:

- £30K to cover survey and preparation cost for the 2019/20 programme along with advance feasibility and design costs for 2020/21 programme;
- £228K for a risk pot for items such as emergency in year additions to the programme and higher than anticipated tender returns.

2.10 Within the £2.242M, £600K has been allocated to the major refurbishment works proposed at Cliffe House. Due to the extent of the refurbishment and the listed status of the building this project will span 2019/20 and 2020/21. It is proposed that £250K will be funded from the 2020/21 Corporate Landlord Asset Investment programme. A detailed business case for this scheme is attached at **Appendix C**.

(c) Financial Delegations

2.11 In order to aid the implementation of the Corporate Landlord Capital programme, Members are requested to delegate authority in accordance with the Council's Financial Procedure Rules 3.14 dated June 2018, to the Service Director - Economy and Skills to manage the implementation of the identified works within the respective agreed total programme budget.

2.12 Delegated powers would include the authority to:

- add new urgent projects under £250k to the programme without prior Cabinet approval providing that the total cost of the programme remains within the approved capital allocation set by Council.
- Slip, delete or reallocate budget between projects during the course of the financial year providing that the total cost of the programme remains within the approved capital allocation set by Council to enable the effective management of the programme concerned.

2.13 All virements, additions and deletions will be reported retrospectively to Cabinet in accordance with Financial Procedure Rules 3.16.

3. Implications for the Council

Whilst there may be no direct impacts on some of the following sections the Corporate Landlord asset investment programme keeps buildings safe, dry, warm and secure which enables the staff operating from these assets to deliver on the council's priorities and ensures that visitors and service users are safe.

3.1 Working with People

No direct impact

3.2 Working with Partners

No direct impact

3.3 Place Based Working

No direct impact

3.4 Improving outcomes for children

No direct impact

3.5 Financial implications

The capital investment of £1.75m for the cremator replacement programme and £1m for fire safety improvement works have already been subject to Cabinet approval in separate reports in 2018 and 2019.

The capital investment outlined in this report of £2.5M for the 2019/20 programme is funded from Council prudential borrowing. The revenue cost of financing this level of borrowing is £157.5K per annum for 20 years.

3.6 Legal

The Corporate Landlord asset investment programme seeks to maintain compliance with building related legislative requirements e.g. fire safety, asbestos, water quality etc. Failure to undertake the works will lead to significant damage to buildings, equipment and belongings e.g. significant water ingress through a failed roof or the closure of a building due to a boiler or heating system failure during the winter months.

3.7 Human Resources

There are no Human Resources implications.

4. Consultees and their opinions

- 4.1 The Corporate Landlord Asset Investment programme has been subject to consultation with officers from affected services and the Economy and Infrastructure Senior Leadership Team.

5. Next steps and timelines

- 5.1 Subject to approval of this Cabinet report officers from Corporate Landlord will ensure the 2018/19 plan is updated and all projects concerned are delivered as per the amended programme.
- 5.2 Subject to approval of the 2019/20 Capital Plan, officers from Corporate Landlord and the Council's Technical Services will ensure the Capital Plan is updated and the projects concerned are developed, designed, procured and implemented.

6. Officer recommendations and reasons

6.1 Members are requested to:

- (a) note the amendments to the detail of the approved 2018/19 Corporate Landlord Asset Investment Capital Plan as detailed in **Appendix B**;
- (b) consider and approve the programme of work for 2019/20 as detailed in **Appendix A**, which will require capital investment of £2.5m;
- (c) note that the first £250k of the 2020/21 Asset Investment Capital Plan baseline will be contractually committed to the Cliffe House project;
- (d) consider and approve the proposed delegated powers as outlined in paragraphs 2.11 to 2.13 of this report.

7. Cabinet portfolio holder recommendation

Cabinet Portfolio Holders:

- (a) note the information contained within this report;
- (b) Agree the 2019-20 proposed schemes and the 2018-19 amendments as set out in appendix A and B;
- (c) Agree that the first £250k allocation from the 2020-21 programme will be for Cliffe House;
- (d) Agree that powers be delegated to senior officers within the Council as detailed in sections 2.11 to 2.13 of this report.

8. Contact officer

Jonathan Quarmby - Corporate Facilities Manager – Corporation Landlord FM - Tel: 01484 221000 - Email: jonathan.quarmby@kirklees.gov.uk

David Martin - Head of Service for Corporate Landlord and Capital – Economy and Skills Service - Tel: 01484 221000 - Email: david.martin@kirklees.gov.uk

9. Background Papers and History of Decisions

Cabinet Report 17/04/2018 - 2017/18 and 2018/19 Council Capital Plan - Amendments to the detail of the approved 2017/18 Corporate Landlord managed sections of the capital plan and proposed allocation of 2018/19 capital funding

Council 13th February 2019: 5 Year Capital Plan

Cabinet Report 22/01/2019: Capital Investment for Fire Safety Works in Council Buildings

Cabinet Report 21/08/2018: Replacement Cremators and Ancillary Equipment

10. Service Director responsible

Angela Blake - Service Director - Economy and Skills - Tel: 01484 221000
Email: angela.blake@kirklees.gov.uk

11. Attachments

Appendix A - Detailed list of proposed works in corporate sites for 2019/20
Appendix B - Details of amendments to 2018/19 programme of works
Appendix C - Cliffe House Business Cases