

Name of meeting: **Cabinet**
 Date: **2nd June 2020**

Title of report: **2020/21 – 2021/22 Corporate Landlord and Strategic Asset Utilisation Capital Plans - Proposed allocation of 2020/21 – 2021/22 capital funding**

Purpose of report: **This report will identify potential projects, for Member approval, to be funded from the 2020/21 & 2021/22 Strategic Asset Utilisation, Corporate Landlord Asset Investment, Compliance & Suitability Programme baselines & the Strategic Priorities section of the Capital Plan and seek Officer Delegations to manage the plans.**

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|---|---|
| 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 report proposes significant expenditure in excess of £250K. |
| Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)</u>? | Key Decision – Yes |
| The Decision - Is it eligible for call in by Scrutiny? | Yes |
| Date signed off by <u>Strategic Director</u> & name | Karl Battersby – Strategic Director for Economy and Infrastructure – 19/05/20 |
| Is it also signed off by the Service Director for Finance? | Eamonn Croston – Service Director for Finance – 22/05/20 |
| Is it also signed off by the Service Director for Legal Governance and Commissioning? | Julie Muscroft – Service Director for Legal, Governance and Commissioning – 15/05/20 |
| Cabinet member portfolio | Corporate - Cllr Graham Turner |

Electoral wards affected: All

Ward councillors consulted: No

Public or private: Public

Has GDPR been considered? There are no GDPR implications relating to this report.

1. Summary

- 1.1 This report will identify projects or themes to be funded in financial years 2020/21 and 2021/22 from (a) Corporate Landlord Asset Investment Programme (b) Corporate Landlord Compliance Programme (c) Corporate Landlord Suitability programme (d) Strategic Asset Utilisation programme and (e) a number of accommodation related schemes identified as Strategic Priorities. All of the referenced funding programmes are contained in the Five Year Capital Plan approved by Council on 12th February 2020.
- 1.2 Members will be asked to consider and approve the baseline programmes along with the named projects as shown in **Appendix A** so that they can be designed and implemented, and to authorise delegated powers for officers to manage the programmes within the overall budget envelopes.

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, Sports and Leisure facilities, Museums, Crematoriums, Cemeteries, Car parks, Depots and Parks.
- 2.2 On 12 February 2020 Council allocated funding from the approved Capital Plan to the Corporate Landlord Asset Investment baseline of £4.232M for 2020/21 and £4.3M for 2021/22. The Corporate Landlord Suitability Programme was allocated £1M per annum commencing from 2021/22. Strategic Asset Utilisation was allocated £150K for 2020/21 only whilst the Compliance programme has an allocation of £1M in each of financial years 2020/21 and 2021/22. This report details how it is proposed to spend the allocated funds.
- 2.3 Due to the size and complexity of the Council's portfolio, which includes many heritage assets, a system of prioritisation is required to ensure that the available funds are targeted at the buildings with the highest need. 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 to ensure that the proposed investment aligns with the key objectives emerging from the Council's Corporate Asset Strategy.
- 2.4 A new Corporate Asset Strategy is being developed during the course of 2020 to reflect the Councils' aims and ambitions which go beyond achieving warm, dry, safe and secure buildings. We aim to add value and to utilise land holdings and properties to achieve our vision for Kirklees which is to be a district which combines a strong, sustainable economy with a great quality of life – leading to thriving communities, growing businesses, high prosperity and low inequality where people enjoy better health and high-quality services throughout their lives. This will be achieved whilst meeting the Council's Climate Emergency aims and objectives. The emerging asset strategy has been taken into consideration when prioritising the projects selected for the programmes detailed in this report.
- 2.5 Whilst the Corporate Landlord Asset Investment and Compliance baseline budgets addresses condition, health and safety and legislative issues, dedicated funding to address the suitability of buildings to deliver the services operating from them has not been specifically available. This has been addressed by Council through the allocation of £1M

per annum from 2021/22. This will help to deliver the outcomes expected from our buildings, by facilitating refurbishments or remodelling to ensure that they remain fit for purpose and suitable for the delivery of the Council's objectives.

2.6 To aid planning, improve capital outturn and project delivery a two year condition and compliance programme has been developed and proposed for approval. This consists primarily of named schemes for implementation but also some generic pots have been allocated for groups of buildings such as depots and libraries, with the detailed schemes to be agreed with the individual services during the course of the financial year. The suitability programme for 2021/22 has been split into themes, with details of the individual projects to be added in due course as the office accommodation strategy for the Council evolves and sets. The delegated powers proposed in paragraphs 2.18 to 2.20 will be used in relation to the above.

(b) Proposed Corporate Landlord Asset Investment Condition Programme allocations for 2020/21 - 2021/22

2.7 As previously mentioned, the five year Capital Plan 2020/21 - 2024/25 was approved by Council on 12 February 2020 and this allocated £4.232M to the Corporate Landlord Asset Investment baseline for 2020/21 and £4.3M for 2021/22.

2.8 The proposed programme for the next two financial years is summarised in the table below:

| Corporate Landlord Condition Programme 2020/21 and 2021/22 | 2020/21 (£000K) | 2021/22 (£000K) |
|--|----------------------------|----------------------------|
| Works to address urgent condition issues at Huddersfield Central Library including full re-roofing of the building, refurbishment of the Art Gallery floor and a new lift. | 250 | 870 |
| Major refurbishment of Cliffe House, Shepley to address significant condition and H&S issues (Scheme previously approved by Cabinet and contract let). | 800 | 200 |
| New cremators and abatement equipment at Dewsbury and Huddersfield with associated front of house improvements (Scheme previously approved by Cabinet and contract let). | 1000 | 500 |
| Replacement of life expired roofs, windows and other fabric works at various buildings. | 796 | 920 |
| Mechanical works including boiler and heating system replacements at various buildings plus improvements to kitchens at Aged Persons Homes. | 491 | 380 |
| Major refurbishment of Kirkgate Building to address condition and H&S issues. | 200 | 500 |
| Health and Safety works at Depots and Parks. | 40 | 170 |
| Health and Safety works at closed church yards and cemeteries, repairs to structures and demolitions of life expired buildings. | 75 | 260 |
| Libraries investment programme to address condition needs (including significant investment at Cleckheaton Library) | 340 | 200 |
| Programme of repairs to Huddersfield Bus Station Car Park | 100 | 100 |
| Risk Pot, advanced surveys and feasibility works | 140 | 200 |
| Total | £4.232m | £4.30m |

As can be seen from the table, the proposed programme of works falls into three main categories of investment:

- Urgent condition works to address or prevent the deterioration of the asset e.g. replacement roofs and roof coverings, boilers and heating systems, fabric repairs and electrical works;
- Health and safety works to address legislative requirements and ensure that assets remain safe for use e.g. repairs to boundary walls, demolition of failed structures, improvements to parks, depots, car parks etc.;
- Major investment to improve the condition of key Council assets including existing schemes at Cliffe House and Dewsbury and Huddersfield Crematoriums (both previously approved by Cabinet) and new schemes at Huddersfield Central Library and Kirkgate Buildings.

2.9 The scheme at Huddersfield Central Library represents an initial Blueprint investment of £1.12m to reroof the whole of the building and to address associated issues within the Art Gallery on the top floor. This will involve new ceilings, lighting, environmental controls and security that will help deliver a modern art gallery experience. Other works are proposed to the lift and the Reference Library. These are the first steps in a major overhaul of the building in the coming years as part of the proposed Queensgate Cultural Quarter.

2.10 The scheme at Kirkgate Buildings represents a proposed £700k investment to bring this building up to a modern, fit for purpose standard for a core office location. Works would include provision of improved toilet and kitchen facilities, redecoration, new fixtures and fittings and remodelling to improve the layout of the building for office use. This aligns to the Council's office accommodation strategy and the emphasis on valuing staff by providing appropriate facilities.

2.11 The detailed programme naming individual buildings and locations is attached at **Appendix A** to this report.

(c) Corporate Landlord Compliance programme for 2020/21 and 2021/22

2.12 The compliance programme for the past two years has predominately been focused on fire safety measures in the Council's sleeping risk accommodation. Extensive works have been undertaken throughout our portfolio of Children's Homes and Aged Person's Homes and a major refurbishment of our outdoor adventure facility at Cliffe House is currently on site.

2.13 The next two years will focus on the Council's core office accommodation portfolio, our much valued heritage Town Halls and buildings leased to third parties for the delivery of social care activities. A programme of works involving our portfolio of maintained schools will also begin on a risk assessed basis.

2.14 All works will be based of a building by building Fire Risk Assessment, supported where necessary by a fire compartmentation study. Typical works will include improved fire compartmentation, repair or replacement of fire doors, new fire alarms and improvements to means of escape. Individual projects will be developed and designed on a rolling programme throughout the two year period using the delegated powers requested in paragraphs 2.18 to 2.20 of this report. The proposed programme is shown in **Appendix A**.

(d) Proposed Strategic Asset Utilisation Fund for 2020/21

2.15 It is proposed to allocate £150K from the 2020/21 Strategic Asset Utilisation Fund to works at High Street Building and Civic Centre 1 to relocate the Council's Civil Enforcement Parking team to existing available space within High Street Buildings and Civic Centre 1.

These spaces would be refurbished to meet the needs of the Parking Service, including the provision of a safe and secure space for the counting and storage of money. This will enable its current location at Albion Street Offices to be converted to the new home for the Council's Youth Offending Team under a separate project (see below). This in turn will facilitate the closure of Somerset Building, Huddersfield due to its condition and suitability.

(e) Proposed Corporate Landlord Suitability Programme for 2021/22

- 2.16 A new programme of works will be introduced from 2021/22 to improve the suitability of existing accommodation to enable it to be fit for purpose for the services being delivered from the location as well as providing modern welfare facilities for staff and visitors. Typical works would include improved disability provision, ensuring that kitchens, toilets and showers are provided or refurbished and supplying modern furniture, fittings and equipment to facilitate mobile and agile working across the Council. Further details of the proposed allocations of funding is provided at **Appendix A**. Officers from Corporate Landlord and Asset Strategy will work with Services to determine the allocation of funding across the Council's portfolio of buildings using the delegated powers requested in paragraphs 2.18 to 2.20 below.

(e) Proposed Strategic Priority Schemes

- 2.17 The Council's approved Five Year Capital Investment Plan contains a number of strategic priority projects that are the responsibility of the Corporate Landlord and Asset Strategy teams to deliver. The schemes detailed below are currently in development and are moving towards delivery in the coming months:

- Vine Street Depot, Huddersfield – This depot is the Council's primary depot hub in South Kirklees serving a number of key operational services such as Transport and Waste. A £500K scheme is proposed to refurbish and remodel the welfare facilities at Vine Street in order to bring the office accommodation and welfare facilities up to modern standards and create additional capacity for increased staff numbers and fleet vehicles. £485K is funded in the new Capital Plan with £15K spent in 2019/20 on development costs – total £500K. The scheme is currently in design with a proposed tender during the summer, with start on site programmed for September 2020;
- Albion Street, Huddersfield – A £325K scheme (£185K from Strategic Priorities and £140K from the Condition programme) to relocate the Youth Offending Team from Somerset Buildings to the Albion Street Offices, which will provide a modern, bespoke space that will meet the needs of the Youth Offending Team, close to the Social Care and Children's Services teams which operate out of Civic Centre One. This Service provides support to young people (and their families) aged between 10-18 who are involved with the Police (Pre-Court) and those ordered by the Court to sentences in the community or in a secure unit. This scheme is currently in design and is targeted for a start on site in early 2021, once the Civil Enforcement Parking team have been relocated to their new accommodation;
- Slaithwaite Town Hall – This building is a core office and service delivery hub, with a number of key Council and partner organisations operating from it. A scheme is proposed to refurbish those parts of the building that have not been improved in recent times in order to increase the capacity of the building and provide modern, flexible, fit for purpose office accommodation. The works would include strengthening the floor structure, improved disability access and facilities, a new heating distribution system and remodelling inefficient office accommodation. The project is at an early stage of development and has an indicative budget of £1.09m (£950K from Strategic Priorities

and £140K from the Condition programme). Subject to the delivery of an effective design that can be accommodated within the proposed budget, this scheme would be expected to start on site in mid-2021.

(f) Financial Delegations

- 2.18 In order to aid the implementation of the Corporate Landlord & Asset Strategy Capital programmes described in this report, Members are requested to delegate authority in accordance with the Council's Financial Procedure Rules 3.16 dated June 2019, to the Service Director - Economy and Skills to manage the implementation of the identified works within the respective agreed total programme budgets.
- 2.19 Delegated powers would include the authority to:
- add new urgent projects to the programmes detailed in this report without prior Cabinet approval providing that the total cost of the programmes remains within the approved capital allocations set by Council;
 - transfer resources between the Corporate Landlord / Asset Strategy funding streams / programmes without restrictions to enable efficient delivery of projects;
 - Slip, delete or reallocate budget between projects during the course of the two financial years providing that the total cost of the programmes remains within the approved capital allocations set by Council to enable the effective management of the programmes concerned over the two year period.
- 2.20 Significant amendments to the approved programmes under delegated powers will be reported to Cabinet through the Quarterly Financial Monitoring process or through delegated decision notices on the Council's website.

3. Implications for the Council

3.1 Working with People

Schemes proposed in the condition and compliance element of the programmes are developed to prevent severe disruption to service delivery e.g. by preventing part or total failure of boilers, roofs, access etc. These works ensure that our buildings and facilities are warm, dry, safe, secure and fit for purpose in line with our corporate asset strategy key objectives. The impact of such works on the operation of individual buildings is discussed and agreed in consultation with the relevant Services in order to limit the effect on day to day operation of front line services.

The schemes named within the suitability and strategic element of the programme have been developed together with Directorates to enhance service delivery and deliver improved outcomes for communities. These schemes fit with our strategic asset strategy objectives to provide operational assets that value our staff, enable the delivery of effective and efficient services and work closely with partners and residents.

3.2 Working with Partners

Collaboration and working together with partners has been key to ensuring we are still improving accommodation for staff and service delivery. Many partners share space with the Council in key buildings that we are wishing to invest in – for example, Locala at Slaithwaite Town Hall and the CCG in CC1. These collaborative discussions with partners

continue to provide solutions for increased integration of services to provide a better intelligence led outcome focused service delivery.

3.3 Place Based Working

We continue to invest in the creation of community assets to facilitate place based working for both council staff, partners and communities. The proposed modernisation of Slaithwaite Town Hall will enable more front line delivery services to operate from this building, serving the communities in which they are based, and enable closer working with a key partner such as Locala. Investment in Libraries and Town Halls will ensure that these much valued buildings continue to be available to serve their local communities.

3.4 Climate Change and Air Quality

A key objective of the proposed corporate asset strategy is to ensure that we invest and manage our assets to ensure the Council's Carbon Neutral Vision is supported and enhanced. The condition and refurbishment schemes identified in this report will ensure that we are replacing inefficient roofs, boilers, heating and electrical systems with modern, energy efficient materials and equipment that will contribute to an ever reducing carbon footprint for the Council. The refurbished buildings will be fit for purpose, modern, energy efficient buildings with due consideration given to green technologies where feasible and appropriate.

3.5 Improving outcomes for children

There is a separate Schools Condition programme funded by government grant that deals with investment in our maintained schools. Investment in assets such as Parks, Libraries, and Children's Centres through the Corporate Condition programme will help deliver better services for Children.

3.6 Financial / Regulatory

All of the programmes identified in this report require council prudential borrowing. All of the funding streams are identified in the Council's Five Year Capital Plan that was approved by the Council on 12th February 2020 and the revenue impact has been incorporated into the Council's Medium Term Financial Plan, approved at the same meeting.

The Corporate Landlord Asset Investment programmes seek 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. All works will comply with relevant disability legislation where applicable.

All works undertaken as a result of this report will be procured in accordance with the Council's Contract Procedure Rules and Financial Procedure rules.

4. Consultees and their opinions

The programmes outlined in this report have been subject to consultation with officers from the affected services and the Economy and Infrastructure Senior Leadership Team.

5. Next steps and timelines

Subject to approval of the proposed 2020/21 – 2021/22 capital programmes, officers from Corporate Landlord, Asset Strategy and the Council's Technical Services will ensure that the programmes are updated and the projects concerned are developed, designed, procured and implemented.

6. Officer recommendations and reasons

Members are requested to:

- (a) Consider and approve the programmes of work for 2020/21 – 2021/22 as detailed in **Appendix A** of this report;
- (b) Consider and approve the proposed delegated powers to officers as outlined in paragraphs 2.18 to 2.20 of this report, which are as follows:
 - add new urgent projects to the programmes detailed in this report without prior Cabinet approval providing that the total cost of the programmes remains within the approved capital allocations set by Council;
 - transfer resources between the Corporate Landlord / Asset Strategy funding streams / programmes without restrictions to enable efficient delivery of projects;
 - Slip, delete or reallocate budget between projects during the course of the two financial years providing that the total cost of the programmes remains within the approved capital allocations set by Council to enable the effective management of the programmes concerned over the two year period.
- (c) Authorise officers to design, tender and implement the delivery of the projects and work streams identified in **Appendix A**.

These programmes of work are required to ensure the health and safety of residents and staff using the Council's extensive portfolio of assets and to prevent the deterioration of our buildings and structures, many which are listed.

7. Cabinet Portfolio Holder's recommendations

This report sets out the Council's investment proposals for its large portfolio of assets, many of which are heritage, over the next two years. As the Corporate Portfolio Holder with responsibility for finance, it is important that the Council maintains and improves its buildings for the benefits of residents and staff. The capital spend proposed is significant and will benefit local contractors, suppliers and workers. It is vital that we encourage the local economy to start moving again, to build confidence and to play an important part in the economic recovery of the borough and the region.

As a consequence I recommend that Cabinet:

- (a) Considers and approves the programmes of work for 2020/21 – 2021/22 as detailed in **Appendix A** of this report;
- (b) Considers and approves the proposed delegated powers to officers as outlined in paragraphs 2.18 to 2.20 of this report, which are as follows:

- add new urgent projects to the programmes detailed in this report without prior Cabinet approval providing that the total cost of the programmes remains within the approved capital allocations set by Council;
 - transfer resources between the Corporate Landlord / Asset Strategy funding streams / programmes without restrictions to enable efficient delivery of projects;
 - Slip, delete or reallocate budget between projects during the course of the two financial years providing that the total cost of the programmes remains within the approved capital allocations set by Council to enable the effective management of the programmes concerned over the two year period.
- (c) Authorise officers to design, tender and implement the delivery of the projects and work streams identified in **Appendix A**.

8. Contact officer

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9. Background Papers and History of Decisions

Council 12 February 2020: Five Year Capital Plan

10. Service Director responsible

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11. Attachments

Appendix A – Proposed Corporate Landlord Condition, Compliance and Suitability Programmes, Strategic Asset Utilisation Programme and Strategic Priorities schemes for 2020/21 & 2021/22.