

Name of meeting: Cabinet
 Date: 27th July 2021

Title of report: 2021/22 – 2022/23 Corporate Landlord Capital Plans - Proposed allocation of capital funding

Purpose of report: This report will outline themes of funding, for Member approval, to be funded from the 2021/22 & 2022/23 Corporate Landlord Asset Investment, Compliance & Suitability Programme baselines of the Capital Plan and seek Officer delegations to manage the programmes within the overall funding envelope.

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	David Shepherd – Strategic Director for Growth and Regeneration – 19/07/21
Is it also signed off by the Service Director for Finance?	Eamonn Croston – Service Director for Finance – 19/07/21
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – Service Director for Legal, Governance and Commissioning – 19/07/21
Cabinet member <u>portfolio</u>	Corporate – Cllr Paul Davies

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 themes for programmes of work to be funded in financial years 2021/22 and 2022/23 from the Corporate Landlord Asset Investment Programme, Corporate Landlord Compliance and the Corporate Landlord Suitability programmes. All these referenced funding programmes are contained in the Five Capital Plan approved by Council on 10th February 2021.
- 1.2 Members will be asked to consider and approve the baseline programmes along with the broad themes of investment as shown in **Appendix A** and to authorise delegated powers for officers to manage the programmes within the overall budget envelopes so that priority projects can be identified, designed and delivered.
- 1.3 This baseline investment to maintain facilities and address urgent disrepair is a two year rolling programme which runs alongside and compliments the wider capital programme and Members are asked to note the connectivity between baseline investment, partners and strategic work programmes e.g. West Yorkshire Combined Authority investment, Blue Print etc.

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 10th February 2021 Council allocated funding from the approved Capital Plan to the Corporate Landlord Asset Investment baseline of £6.467M for 2021/22 and £2.133M for 2022/23. The Corporate Landlord Suitability Programme was allocated £920k in 2021/22 and then £1M per annum commencing from 2022/23. The Compliance programme has an allocation of £1M in each of financial years 2021/22 and 2022/23. 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.
Similarly, these baseline programmes are aligned with other key Council investment programmes e.g. Cultural Heart, West Yorkshire Combined Authority (WYCA) etc. Careful consideration is given to planning baseline investment in sync with these other major workstreams, so it is joined up e.g. investment in the external envelope of Huddersfield Library in preparation for the delivery of the cultural heart project.
- 2.4 A new Corporate Asset Strategy was 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 work will be overseen and provided with strategic direction through the Transformation Board and will be achieved whilst meeting the Council’s Climate Emergency aims and objectives.

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 in the past. 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 a programme of refurbishments or remodelling to ensure that they remain fit for purpose and suitable for the delivery of the Council’s objectives.

2.6 In 2020/21 the Council’s Capital Outturn was £94m, compared to £81m in 19/20 and £68m in 18/19. 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 themes of work for implementation and 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 & 2022/23 has been split into themes, with details of the individual projects to be added in due course as the way we work office accommodation strategy for the Council evolves and sets. The delegated powers proposed in paragraphs 2.17 to 2.19 will give us flexibility to be able to adjust our plans whilst maximising our investments.

(b) Proposed Corporate Landlord Asset Investment Condition Programme allocations for 2021/22 - 2022/23

2.7 As previously mentioned, the five-year Capital Plan 2021/22 - 2025/26 was approved by Council on 10th February 2021 and allocated £6.467M to the Corporate Landlord Asset Investment baseline for 2021/22 and £2.133M for 2022/23. Since then, in-year re-profiling exercises have taken place that have seen the transfer of £2.982M in budget to the 2021/22 programme, which now shows the total budget as below at £9.449M and £3.167M to the 2022/23 programme now totalling £5.3M. All budget figures mentioned in this report are net of rollover due to the pending approval of the Financial Outturn report by Council in September 2021.

2.8

Programme Area	Feb 21 Council Approved Budget	In-year re-profiling	New Budget
Corporate Landlord Asset Investment 2021/22	£6.467M	£2.982M	£9.449M
Corporate Landlord Asset Investment 2022/23	£2.133M	£3.167M	£5.3M

2.9 The proposed programme themes prioritise investment towards the priorities of the Council and the asset strategy and align with other major investment programmes to ensure a

joined up approach. The proposed programme themes for the next two financial years is summarised in Appendix A.

- 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 the existing schemes at Dewsbury and Huddersfield Crematoria (previously approved by Cabinet) and the new schemes to be brought forward.

2.10 Schemes will be developed around the Way We Work programme to develop modern, flexible spaces within our communities and to facilitate the new ways of working as part of our recovery journey.

2.11 In advance of the proposed Cultural Quarter development and aligned to our desire to protect our heritage assets, works will be developed which will stabilise and invest in the external envelope of some of our heritage assets in preparation for internal transformation of the spaces to deliver the cultural vision through the Blue Print.

2.12 In order to fulfil the Councils landlord obligations to tenants and partners delivering key Council objectives schemes will be developed which invest in the fabric of premises from which services are delivered which align to health and fitness, wellbeing and culture.

(c) Corporate Landlord Compliance programme for 2021/22 and 2022/23

2.13 The compliance programme for the past three 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.

2.14 The next two years will focus on the Council's core office accommodation portfolio 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.

2.15 All works will be based on 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 using the delegated powers requested in paragraphs 2.17 to 2.19 of this report.

(d) Proposed Corporate Landlord Suitability Programme for 2021/22 and 2022/23

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. As previously mentioned, the five-year Capital Plan 2021/22 - 2025/26 allocated £920k for 2021/22 and £1M for 2022/23. Since then, in-year re-profiling exercises have taken place that have seen the transfer of £80k in budget to the 2021/22 programme, which now shows the total budget as below at £1M. Further details of the proposed allocations of funding are 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 2.17 to 2.19 below.

These programmes will extend beyond the 2 year window in view in this report and will be extended year on year as successive reports are brought forward through the capital planning cycle.

(e) Financial Delegations

- 2.17 In order to aid the implementation of the Corporate Landlord Capital programmes described in this report and build upon the strong Capital outturn performance of the last two years, Members are requested to delegate authority in accordance with the Council's Financial Procedure Rules 3.13 dated May 21, to the Service Director - Economy and Skills to manage the implementation of the programme areas within the respective agreed total programme budgets.
- 2.18 Delegated powers would include the authority to:
- Add or delete 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 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.
- 2.19 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 developed in the condition and compliance element of the programmes are designed 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 themes named within the suitability 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. 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 key Council buildings will enable more locality based services to operate from them, 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 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 e.g. preparing buildings to accept the heat network in future years.

3.5 Improving outcomes for children

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 10th February 2021 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.

Improvement works will be carried out in accordance with the Council's Contract Procedure Rules. The Council has a public sector equality duty under Section 149 of the Equality Act 2010 and an integrated impact assessment will be considered at the appropriate stages of delivery of the programme of individual projects. The Council will comply with its obligations as tenant of any leasehold properties.

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 2021/22 – 2022/23 capital programmes, officers from Corporate Landlord and the Council's Technical Services will ensure that the programmes are updated and the projects concerned are identified, developed, designed, procured and implemented.

6. Officer recommendations and reasons

Members are requested to:

- (a) Consider and approve the themes of work for 2021/22 – 2022/23 as detailed in **Appendix A** of this report.
- (b) Consider and approve the proposed delegated powers as outlined in paragraphs 2.17 to 2.19 of this report.
- (c) Authorise officers to identify, design, tender and implement the delivery of projects aligned with the work themes identified in **Appendix A**.

7. Cabinet Portfolio Holder's recommendations

The Portfolio holder notes the excellent performance in capital outturn across the Council's capital plan and supports the recommendations contained within this report; the named themes outlined in Appendix A (recommendation a) and approves the delivery of schemes aligned to those themes (recommendation c) and the approval of delegated powers as outlined in this report (recommendation b).

8. Contact officer

Jonathan Quarmby – Strategic Corporate Facilities Manager – Corporate Landlord & Capital - 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

Council 10 February 2021: Five Year Capital Plan

10. Service Director responsible

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

11. Attachments

Appendix A – Proposed Corporate Landlord Condition, Compliance and Suitability Programmes for 2021/22 & 2022/23.