

Name of meeting: Cabinet

Date: 11th October 2022

Title of report: 2022/23 – 2023/24 Corporate Landlord Capital Investment Plan - Proposed allocation of capital funding

Purpose of report: This report will outline themes of funding, for Member approval, to be funded from the 2022/23 and 2023/24 Corporate Landlord Asset Investment, Compliance and Suitability baseline programmes in the Council's Capital Plan plus the Sustainability of Huddersfield Town Hall Programme line and seek Officer delegations to manage the programmes within the overall funding envelopes.

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 – 03/10/2022
Is it also signed off by the Service Director for Finance?	Eamonn Croston – Service Director for Finance – 30/09/2022
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – Service Director for Legal, Governance and Commissioning – 03/10/2022
Cabinet member Portfolio http://www.kirklees.gov.uk/you-kmc/kmc-howcouncilworks/cabinet/cabinet.asp	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 2022/23 and 2023/24 from the Corporate Landlord Asset Investment, Compliance and Suitability baseline programmes, as well as the Sustainability of Huddersfield Town Hall programme. All these referenced funding streams are contained in the Five-Year Capital Plan approved by Council on 16th February 2022.
- 1.2 Members will be requested 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 condition items is a two-year rolling programme which runs alongside and complements the wider capital plan. Members are asked to note the connectivity between baseline investment, partners and strategic work programmes e.g., Way We Work, our Blueprints, Small Towns programme.
- 1.4 To alleviate the budget pressures on the 2023/24 programme as illustrated later in this report, Members are asked to approve the re-profiling of the Corporate Landlord Asset Investment Five Year Capital Plan to bring funding forward from future years.

2. Information required to take a decision

(a) Background

- 2.1 The Corporate Landlord portfolio of assets includes, for example, Office Accommodation, Libraries, Children's Centres, Residential Homes, Town Halls, Public Halls, Sports and Leisure facilities, Museums, Crematoriums, Cemeteries, Car parks, Depots and Parks.
- 2.2 On 16th February 2022 Council allocated funding from the approved Capital Plan to the baseline Corporate Landlord programmes as follows:
 - Asset Investment baseline of £10.286M for 2022/23 and £2.133M for 2023/24.
 - Compliance baseline of £1M for 2022/23 and £1.250M for 2023/24.
 - Suitability baseline of £1.5M in 2022/23 and £1.4M in 2023/24 and;
 - the Sustainability of Huddersfield Town Hall Programme was allocated £200K in 2022/23 and £1M in 2023/24.

This report details how it is proposed to spend the allocated funds described above.

- 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 and fire risk assessments, 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.
- 2.4 The Asset Strategy team also considers the draft programme to ensure that the proposed investment aligns with the key objectives of the Council's emerging Corporate Asset Strategy and complements strategic priority investments such as the Cultural Heart, the Huddersfield and Dewsbury Blueprints and the Small-Town Centres programme.

- 2.5 As a major land and building owner, the Council's aims and ambitions go beyond simply delivering buildings that are warm, dry, safe and secure. 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 high 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. How we use our significant land and buildings portfolio can have a major impact on economic growth, regeneration and health and wellbeing, whilst helping to contribute to the Council achieving its Climate Emergency commitments. This key strategic priority is overseen and provided with strategic direction through the Council's Transformation Board.
- 2.6 The Corporate Landlord Asset Investment and Compliance baseline budgets address urgent and essential condition, health and safety and legislative issues within the Council's extensive portfolio of land and buildings. The baseline suitability budget helps address identified shortfalls in the shape / form / layout of buildings which impacts on the ability of Council Services to deliver their operations / outcomes. This budget helps to deliver better outcomes by facilitating a programme of refurbishments, remodelling or furniture and fixtures changes to ensure that operational buildings remain fit for purpose and suitable for the delivery of the Council's objectives.
- 2.7 To aid strategic and operational planning, improve capital outturn and project delivery, two-year programmes of work have been developed and proposed for approval. These consist primarily of themes of work for implementation, plus some generic pots that have been allocated for groups of buildings such as depots, children's centres and libraries, with the detailed schemes to be agreed with the individual Services during the course of the financial year.
- 2.8 The delegated powers proposed in paragraphs 2.24 to 2.26 will provide officers with the flexibility to be able to adjust delivery plans and project budgets whilst maximising our investments. This is particularly important given the challenging construction market at present. Increasingly, contractors are being more selective when picking the tenders that they wish to submit for and there has been a strong upward lift in the price of tenders received, which reflects the increasingly competitive market for skilled labour and the shortage of a range of key building materials. A balance needs to be struck between undertaking essential works and ensuring continuing value for money, and the proposed delegated powers will enable officers to take a flexible approach with the management of individual projects and the overall programmes.

(b) Proposed Corporate Landlord Asset Investment Condition Programme allocations for 2022/23 - 2023/24

- 2.9 As previously mentioned, the five-year Capital Plan 2022/23 - 2026/27 was approved by Council on 16th February 2022 and allocated £10.286M in total to the Corporate Landlord Baseline Programme for 2022/23 and £2.133M for 2023/24. Since then, in-year re-profiling has occurred to better reflect delivery programmes and outturn exercises have taken place to identify schemes / funds to be rolled forward from the previous financial year, which has resulted in the updated budgets shown in the table below pending approval at Cabinet on 11th October 2022.

Programme Area	Feb 22 Council Approved Budget	In-year re-profiling	New Budget
Corporate Landlord Asset Investment 2022/23	£10.286M	-£0.302M	£9.984M
Corporate Landlord Asset Investment 2023/24	£2.133M	£2.020M	£4.153M

- 2.10 To enable essential lift replacement works to start on site in June 2022 at Dewsbury Sports Centre, an emergency scheme was added to the 2022/23 Corporate Landlord Asset Investment programme using existing Cabinet approved delegated authority from July 2021. The scheme is to be funded from the Strategic Priorities Dewsbury Sports Centre budget. Members are requested to approve a virement of £275K in capital funding from the Dewsbury Sports Centre budget to the Corporate Landlord Asset Investment programme to support the scheme.
- 2.11 The proposed condition programme themes for the next two financial years, as shown at **Appendix A**, target investment at buildings and land holdings that align to the Council's Asset Strategy and other major investment programmes and concentrate on the following:
- 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 work 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.
- 2.12 As shown in Appendix A, the current 2023/24 Corporate Landlord Asset Investment programme is showing a deficit in budget of around £7M. Officers request that Members approve the proposed forward re-profiling to 2023/24 of £7M from the Corporate Landlord Asset Investment baseline years 2024/25 to 2026/27 (as shown below) to enable all proposed schemes to be delivered. This transfer of capital between financial years has been approved in principle by the Chief Finance Officer as per Financial Procedure Rule 3.14.

GENERAL FUND CAPITAL PLAN	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Corporate Landlord Asset Investment	10,286	2,133	2,800	2,800	4,300

This would leave a budget of £2.9M to be re-distributed across the three years from 2024/25 going forward. This shortfall in capital funding from 2024/25 to 2026/27 will be considered as part of the budget process to subject the baseline multi-year capital plan to a more fundamental corporate review and affordability assessment, in light of the scale of financial challenges facing the Council, in particular relating to Cost of Living pressures.

- 2.13 The Council has many listed heritage assets and as a responsible asset owner, it has a duty to ensure that these buildings remain in good repair and safe for their intended purpose. The next two years will include proposed investment in buildings such as Byram Arcade, Cleckheaton Town Hall, Dewsbury Mansion House, Oakwell Hall and Tolson Museum to address essential works that deliver on our duty to maintain and protect our

heritage, and which complements key Council priorities such as the Cultural Heart redevelopment and the relevant Huddersfield / Dewsbury Blueprints / Small Centres programmes.

- 2.14 Works are proposed to a number of buildings in the Council's Commercial Estate to fulfil our landlord obligations to tenants and partners delivering key Council objectives. A number of demolitions are planned in relation to life expired buildings, which will deliver revenue savings and provide potential development sites that will boost housing and regeneration aims.
- 2.15 Many schemes will tackle a mixture of condition, compliance and suitability issues in order to deliver fit for purpose accommodation that meets the future needs of the Council. This includes the ongoing refurbishment of Civic Centre One, which will deliver a fully compliant, accessible and flexible building that will facilitate a new way of hybrid working for Council staff in a post COVID environment. This scheme will also enable a rationalisation of the Council's office portfolio that will deliver revenue and capital benefits. A rolling programme of improvements to Adult Services Care Homes, Children Centres, Community Centres and Libraries will make a noticeable difference to public facing buildings that the Council delivers its services from. When undertaking such works due consideration is given to how the Council's Dementia friendly design aspirations are incorporated into the proposed schemes.

(c) Proposed Corporate Landlord Compliance programme for 2022/23 and 2023/24

- 2.16 The February 2022 five-year Capital Plan allocated £1M in total to the Corporate Landlord Compliance Programme for 2022/23 and £1.250M for 2023/24. Since then, in-year re-profiling to better reflect programme delivery and an outturn exercise to roll forward schemes / funds from the previous financial year have taken place that has resulted in the updated budget profiles shown in the table below pending approval at Cabinet on 11th October 2022.

Programme Area	Feb 22 Council Approved Budget	In-year re-profiling	New Budget
Corporate Landlord Compliance 2022/23	£1M	£0.786M	£1.786M
Corporate Landlord Compliance 2023/24	£1.250M	£0.0M	£1.250M

- 2.17 The compliance programme for the past three years has 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 residential outdoor adventure facility at Cliffe House.
- 2.18 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 and commercial activities. In addition, a rolling programme of works involving our portfolio of maintained schools will begin on a risk assessed basis. A constant theme of the compliance programme is to ensure that the requirements of regulatory bodies such as OFSTED and the Care Quality Commission are identified and addressed.

- 2.19 All works will be based on a building-by-building Fire Risk Assessment (FRAs), supported where necessary by a fire compartmentation study. A new rolling programme of FRAs has started in 2022, which will identify prioritised works to be tackled through the fire safety programme. 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 as FRAs are received on a rolling programme using the delegated powers requested in paragraphs 2.24 to 2.26 of this report.

(d) Proposed Corporate Landlord Suitability Programme for 2022/23 and 2023/24

- 2.20 This budget will be used 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 to modern standards and installing modern furniture, fittings and equipment to facilitate mobile and agile working across the Council. A rolling programme of works will be prioritised at Council depots to improve facilities for staff working from these facilities.
- 2.21 As previously mentioned, the five-year Capital Plan 2022/23 - 2026/27 allocated £1.5M for 2022/23 and £1.4M for 2023/24 for suitability purposes. Since then, in-year re-profiling to better reflect programme delivery and an outturn exercise has taken place which has resulted in a revised budget profile of £1.531M for the 2022/23 programme budget pending Cabinet approval on 11th October 2022. 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 2.24 to 2.26 of this report.

(e) Proposed Corporate Landlord Sustainability of Huddersfield Town Hall Programme for 2022/23 and 2023/24

- 2.22 Significant investment has been undertaken in Huddersfield Town Hall in previous years including major re-roofing works over the main performance hall and a new fire alarm. However, the size, age and listing of the building means that further works are always required. A second phase of re-roofing works is needed to complete the external weathering proofing of the whole building, combined with further works to the external fabric including repointing, stone and window repairs. Limited internal repairs and redecoration will also be undertaken following some damage resulting from water ingress.
- 2.23 As previously mentioned, the five-year Capital Plan 2022/23 - 2026/27 allocated £200k for 2022/23 and £1M for 2023/24 for works at the Town Hall. Since then, in-year re-profiling and an outturn exercise have taken place that have amended the 2022/23 allocation to £800K and £400K for 2023/24 pending Cabinet approval on 11th October 2022 as shown at Appendix A.

(f) Financial Delegations

- 2.24 In order to aid the implementation of the Corporate Landlord Capital programmes described in this report and build upon the improving 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 2022, to the Service Director - Development to manage the implementation of the programme areas within the respective agreed total programme budgets.

2.25 Delegated powers would include the authority to:

- Add to or delete projects from 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.

2.26 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, electrical systems. 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 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 constantly improving accommodation for staff and service delivery. Many partners share space with the Council in key buildings that we are wishing to invest in and therefore collaborative discussions with partners are key to providing solutions that facilitate 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 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 our corporate asset strategy is to ensure that we invest and manage our assets to ensure that 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 consideration given to green technologies where feasible and appropriate.

3.5 Improving outcomes for children

Investment in assets such as our Parks, Libraries and Children's Centres through the Corporate Condition programme will help deliver better services for children and young people.

3.6 Financial / Regulatory

The Corporate Landlord Asset Investment programmes are funded through Council prudential borrowing. All the funding streams are identified in the Council's Five-Year Capital Plan that was approved by the Council on 16th February 2022 and the revenue impact has been incorporated into the Council's Medium Term Financial Plan, approved at the same meeting.

All works will be procured 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 landlord obligations in relation to properties / land leased to third parties.

4. Consultees and their opinions

The programmes outlined in this report have been subject to consultation with officers from the Council Services impacted by the proposed works. The Portfolio Holder for Corporate Services and the Council's Executive Team have been consulted as part of the approval process.

5. Next steps and timelines

Subject to approval of the proposed 2022/23 – 2023/24 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 2022/23 – 2023/24 as detailed in **Appendix A** of this report.
- (b) Consider and approve the proposed delegated powers as outlined in paragraphs 2.24 to 2.26 of this report and detailed below:
 - Add to or delete projects from 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.
- (c) Authorise the virement of £275K in capital funding from the Strategic Priorities Dewsbury Sports Centre budget to Corporate Landlord Asset Investment budget.
- (d) Authorise officers to identify, design, tender and implement the delivery of projects aligned with the work themes identified in **Appendix A**.
- (e) Consider and approve the proposed re-profiling of the Corporate Landlord Asset Investment Baseline Five Year Capital Plan to bring funding forward from future years as described in paragraph 2.12 to enable the 2023/24 proposed programme to be delivered.

This programme of investment will ensure that the Council can continue to deliver key services and outcomes from buildings that are fit for purpose whilst protecting and securing the future of important heritage assets.

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 Portfolio Holder with responsibility for corporate services and finance, it is important that the Council maintains and improves its buildings for the benefits of residents and staff. The capital spends proposed is significant and wide ranging and will provide opportunities for local contractors, suppliers and workers. It will help support the local economy, build confidence and play an important part in the economic regeneration and recovery of the borough and the region. For these reasons, I recommend to Cabinet that the stated recommendations in Section 6 of this report are approved.

8. Contact officer

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9. Background Papers and History of Decisions

Council 16 February 2022: Five Year Capital Plan

10. Service Director responsible

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11. Attachments

Appendix A – Proposed Corporate Landlord Condition, Compliance, Suitability and Sustainability of Huddersfield Town Hall Programmes for 2022/23 and 2023/24.