

**Name and date of meeting: Cabinet - 15<sup>th</sup> December 2015**

**Title of report:** 2015/16 and 2016/17 Council Capital Plan - Amendments to the detail of the approved 2015/16 Corporate Landlord managed sections of the capital plan and proposed allocation of 2016/17 capital funding.

<b>Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b>	Yes
<b>Is it in the <a href="#">Council's Forward Plan</a>?</b>	Yes
<b>Is it eligible for "call in" by <a href="#">Scrutiny</a>?</b>	Yes
<b>Date signed off by <u>Director</u> &amp; name</b>	Paul Kemp – 7 December 2015
<b>Is it signed off by the Director of Resources?</b>	David Smith – 2 December 2015
<b>Is it signed off by the Assistant Director – Legal, Governance &amp; Monitoring?</b>	Julie Muscroft – 3 December 2015
<b>Cabinet member <a href="#">portfolio</a></b>	Cllrs G Turner (Resources), P McBride (Place), S Hall (Place), C Scott (Place), P O'Neill (Communities and Leisure), V Kendrick (Health, Wellbeing & Communities),

**Electoral [wards](#) affected: ALL**

**Ward councillors consulted: No**

**Public or private: Public with Private Appendices**

The report appendices are recommended to be taken in Private because the information contained in it is considered to be exempt information under Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that it would not be in the public interest to disclose the information contained in the report as disclosure could potentially adversely affect overall value for money and could compromise the commercial confidentiality of the bidding organisations and may disclose the contractual terms, which is considered to outweigh the public interest in disclosing information including, greater accountability, transparency in spending public money and openness in council decision-making.

## 1. Purpose of report.

- 1.1 In accordance with financial procedure rules this report will update Members on the latest position for 2015/16 on Corporate Landlord managed sections of the Capital Plan:
- Investment in Buildings Baseline:
    - Public Access Buildings (Programme 1) - Condition Works Programme
    - Kirklees Active Leisure (Programme 2) – KC Funded
    - Strategic Asset Utilisation/Rationalisation
- 1.2 Members will be asked to consider and approve the revised programmes for 2015/16 as scheduled in **Appendix A** so that projects can be delivered during the financial year and to provide officers with continued delegated authority to manage the programme.
- 1.3 This report will also identify potential projects to be funded from the Corporate Landlord managed sections of the Capital Plan in 2016/17 which is subject to approval by Council on 17th February 2016. Members will be asked to consider and approve the named projects which are listed in **Appendix B** so that they can be delivered during the financial year 2016/17 and to provide officers with delegated authority to manage the programme.
- 1.4 Finally, Members will be asked to consider and approve the detailed business cases at **Appendix C & D**.

## 2. Key Points.

### (a) Background

- 2.1 On 16<sup>th</sup> December 2014 Cabinet allocated funding from the approved Capital Plan to Corporate Landlord managed programmes of work for 2015/16 as follows:

	2015/16 Capital Plan
Public Access Buildings	£2.000m
Kirklees Active Leisure	£0.400m
Asset Strategy/Utilisation	£1.000m
Total	<b>£3.400m</b>

- 2.2 The July 2015 Rollover Capital Plan approved by Council on 29<sup>th</sup> July 2015 includes Capital provision for the programmes as follows:

	2016/17 Capital Plan	Proposed allocations detailed in this report
Public Access Buildings	£2.000m	£2.000m
Kirklees Active Leisure	£0.400m	£0.400m
Asset Strategy/Utilisation	£2.220m	£2.220m
Total	<b>£4.620m</b>	<b>£4.620m</b>

- 2.3 The Corporate Landlord portfolio of buildings includes for example Service and Office Accommodation, Library & Information Centres, Children’s Centres, Town Halls, Public Halls, and Museums.
- 2.4 The programme of works undertaken in support of the Council’s Asset Strategy primarily consists of the following categories of work:
- Refurbishment, remodelling and redecoration of service and office accommodation to facilitate office moves and a reduction in total occupied office space using 21st century working principles.
  - Investment in Town Halls, Public Halls and Libraries to make better use of space and develop services.

(b) *Programme 1: Public Access Buildings Condition Programme*

- 2.5 The 2015/16 work programme is part way through delivery, 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 2015/16 programme within the overall programme totals. **Appendix A** names projects which have either changed or been added to the programme.
- 2.6 The 2016/17 Condition Programme is detailed at **Appendix B** along with a supporting business case at **Appendix C**

The programme is summarised below:

	£000’s
Replacement of roofs & windows, structural repairs and general refurbishments	£795.5K
Replacement Lifts	£399K
Planned electrical works rewiring, fire alarm systems and emergency lighting	£260K
Boiler replacements & heating distributions	£145.5K
Risk Pot, advanced surveys and feasibility works	£400K
<b>Total</b>	<b>£2000K</b>

(c) *Programme 2: Condition Programme in KAL operated sites*

- 2.7 The 2015/16 work programme is part way through delivery. 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 2015/16 programme within the overall programme totals. **Appendix A** names projects which have either changed or been added to the programme.
- 2.8 The 2016/17 Condition Programme is detailed at **Appendix B** along with a supporting business case at **Appendix C**. The programme is summarised below:

	£000's
Replacement of roofs & windows, structural repairs and general refurbishments	£320K
Mechanical Services works	£ 20K
Risk Pot, advanced surveys and feasibility works	£ 60K
	£400K

(d) *Asset Strategy*

- 2.9 The 2015/16 work programme is part way through delivery. However there have been a number of changes dealt with under delegated powers to reflect virement to and from other budgets, emerging priorities, market conditions and emergency additions to the plan, in order to keep the 2015/16 programme within the overall programme totals. **Appendix A** names projects which have either changed or been added to the programme.
- 2.10 The total value of proposed works for the financial year 2015/16 is £1.000m and the proposed programme is detailed at **Appendix B** along with a supporting business case at **Appendix D**.
- 2.11 The Risk Pot allows for adverse market conditions, discovery of higher than expected levels of asbestos and addition of in year urgent projects.
- 2.12 The allocation of the capital expenditure for this programme is summarised below:

	£000's
Demolitions	£1,160K
Alterations and Refurbishments	£1,010K
Risk Pot, advanced surveys and feasibility works	£50K
<b>Total</b>	<b>£2,220K</b>

(e) *Financial Delegations*

- 2.13 In order to aid the implementation of Corporate Landlord Capital programmes Members are requested to delegate authority in accordance with the Council's Financial Procedure Rules dated April 2015, to the Assistant Director – Physical Resources and Procurement to manage their implementation within the respective agreed total programme budgets.
- 2.14 Delegated powers would include the authority to:
- transfer resources between projects within the Asset Strategy and Investment in Buildings funding streams / programmes without restrictions
  - add new urgent projects under 250K to the programmes without prior Cabinet approval providing that the total cost of the programmes remain with the approved capital allocations set by Council

- slip or delete projects during the course of the financial year to enable the effective management of the programmes concerned

2.15 Members are also requested to delegate approval of individual changes to the programme above 250K to the Lead Cabinet Member for Resources Portfolio, and chair of AD Investment Group.

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

### 3. Implications for the Council

3.1 The capital investment outlined in this report of £4.62m for the 2016/17 programmes is funded from prudential borrowing. The revenue cost of financing this level of borrowing £291K per annum for 20 years. The table below shows the breakdown of this cost for each programme.

	2016/17	Revenue Cost of borrowing per annum £000's
Public Access Buildings	£2.000m	£126K
Kirklees Active Leisure	£0.400m	£ 25.2K
Asset Strategy/Utilisation	£2.220m	£139.8K
<b>Total</b>	<b>£4.620m</b>	<b>£291K p.a.</b>

3.2 If the asset and disposals strategies are to be implemented in a timely manner and in line with expectations built into the Medium Term Financial Plan, it is important that the programme of works for 2016/17 is undertaken in an efficient and effective manner given the extended lead in times arising from construction programmes and the logistics of moving large groups of staff.

3.3 Failure to undertake the works during 2016/17 would lead to significant delays in realising significant revenue savings within the office accommodation portfolio and improved delivery of services to the public. The detailed list of works listed in **Appendix B** are all required to achieve these savings.

3.4 There is an extensive backlog of repairs in corporate landlord buildings, for which the council has responsibility. Projects included in the programme of condition works are all required to address urgent condition needs in corporate landlord buildings. 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 partial or full closure of a building e.g. a boiler or heating system failure during the winter months could close a building due to temperatures falling below minimum requirements.

#### **4. Consultees and Their Opinions**

- 4.1 The asset strategy programme has been subject to consultation with officers from affected services, Capital Delivery Board and AD Strategic Investment Group.
- 4.2 The PRP Service works with relevant services to ensure works carried out are appropriate to meet the end user customer needs.
- 4.3 The Director of Resources has been consulted about the proposals to delegate authority to manage the programmes concerned to officer level and has agreed that the proposals would comply with the council's Financial Procedure Rules.

#### **5. Next Steps**

- 5.1 Subject to approval of the amended programmes, officers from Physical Resources and Procurement will ensure the 2015/16 Capital Plan is updated and all projects concerned are developed, designed, procured and implemented.
- 5.2 Subject to approval of the proposed projects and final business case, officers from PRP will ensure the 2015/16 Capital Plan is updated and the projects concerned are developed, designed, procured and implemented. Should capital allocations be amended at Council on 17<sup>th</sup> February 2015, officers will amend the programmes to ensure they are contained within overall programme totals.

#### **6. Officer Recommendation and reasons**

- 6.1 Members are requested to:
  - (a) consider and note the amendments to the detail of the approved 2015/16 Corporate Landlord managed sections of the Capital Plan.
  - (b) consider and approve the programmes of work for 2016/17 subject to the overall capital allocation being approved at Council on 17<sup>th</sup> February 2016.
  - (c) consider and approve the proposed delegated powers as outlined in paragraphs 2.13 to 2.16 of this report.

#### **7. Cabinet Portfolio Holders Recommendation**

- 7.1 The Portfolio Holder supports the Officer recommendations.

#### **8. Contact Officer and Relevant Papers**

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Cabinet Report 16/12/2014:

“2014/15 and 2015/16 Council Capital Plan - Amendments to the detail of the approved 2014/15 Corporate Landlord managed sections of the capital plan and proposed allocation of 2015/16 capital funding.”

Council 29th July 2015: 5 Year Rollover Capital Plan

**9. Assistant Director Responsible**

Paul Kemp - Assistant Director  
[paul.kemp@kirklees.gov.uk](mailto:paul.kemp@kirklees.gov.uk)

**10. Private Attachments**

Appendix A Details of amendments to 2015/16 programme of works  
Appendix B Detailed list of proposed works in corporate sites for 2016/17

Appendix C Business Case for Investment in Buildings: Condition Programmes 2016/17

Appendix D Business Case for the Asset Strategy 2016/17 Works Programme