

Report to CABINET

Property Management Programme Update

Portfolio Holder:

Cllr Abdul Jabbar, Cabinet Member for Finance and Low Carbon

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Ext. N/A

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Reason for Decision

This paper provides information about the Property Management Programme. This includes work requiring Capital investment to the Councils Corporate Estate including Schools. Cabinet is requested to note the scale of investment required to the Councils Corporate Estate and approve the appropriate budget to proceed with the identified prioritised work.

Executive Summary

Funding is required to address identified schemes in respect of the property management programme over the next 3 years covering 2022–2025.

Recommendations

The recommendation is for Cabinet to approve the budget to enable commission of the required works in accordance with the Council's Contract Procedure Rules. This will assist to maintain and facilitate improved functional use of our corporate assets, whilst mitigating relevant operational and health and safety risk

Property Management Programme Update

1 Background

- 1.1 The Council has identified that a property management programme involving maintenance and investment exist across the Corporate Estate. This not only includes properties (valued in the region of £0.5bn), but also highway assets (i.e., footbridges, bridle paths and retaining wall structures) that are not located on the adopted highway and therefore are identified as corporate assets. The property management programme is prioritised to maintain the operational use and value of the Council's Corporate Estate and to mitigate risks associated with statutory compliance, health and safety, further consequential damage with associated additional costs and to negate potential legal claims.
- 1.2 Further to the Capital Investment Programme Board (CIPB) meeting held on the 22nd of April 2021, this report provides an update on outstanding schemes approved by CIPB, identifies additional schemes, and outlines the maintenance and investment priorities across the Council's Corporate Estate for the next three years (2022-2025).
- 1.3 These priorities have been identified through condition assessments, deemed necessary either to maintain the full operational use of buildings, to mitigate legal risks, are of a health and safety issue, or are considered needed to meet statutory legislation requirements.
- 1.4 The implementation of the Property Management Programme (PMP) is aimed at responding to priority remedial repairs, identified by condition assessments to the Council's property portfolio.
- 1.5 The remedial works identified, respond to priority reactive and planned maintenance matters, which have been identified as high priorities for repair or replacement, to improve and maintain the operational use of buildings.
- 1.6 Implementing the PMP is a recognised cost-effective measure of dealing with outstanding maintenance issues, which if deferred or left will result in future increased costs, possible further deterioration, and liabilities to the property estate. The implementation of the PMP also reduces the Council's risks in terms of loss of service and business continuity.
- 1.7 The priority schemes approved by CIPB in April 2021 (as detailed in Appendix A) have progressed to varying RIBA Work Stages (0-7). Appropriate management plans have been implemented to all assets where works have not yet been delivered thus enabling continued running and occupation of such assets and mitigate any associated risk.
- 1.8 Schemes and budget cost details are identified to specific Council assets including schools as contained in the Part B report.
- 1.9 The following sections of this report have been developed to identify the additional 2022 to 2025 backlog maintenance priorities across the Corporate Estate, whilst considering the

Council's Disposal Programme, Creating a Better Place Programme (CaBP) and Place Based Initiative (PBI).

2 Current Position

- 2.1 This report is a review of the previously approved CIPB report submitted and approved in April 2021 to approve a 3-year plan of Backlog Maintenance. (Appendix A).
- 2.2 It is stressed that several schemes previously identified have already been delivered. All schemes have been reviewed and some reprioritised based upon site knowledge of technical officers and risk analysis. Several schemes are currently in progress therefore already committed as proposed delivery for 2022/2023.
- 2.3 A detailed review of known current maintenance and investment schemes has been completed and includes a review of outstanding schemes previously captured in the CIPB report by the 'Head of Strategic Assets & Facilities' from April 2021 along with additional schemes that have come to our attention in recent months.
- 2.4 A collaborative meeting was held on 6th May 2022 to collectively review and agree the property management programme based on priority assessment, asset strategy, budget availability and procurement considerations. Technical officers in collaboration with colleagues in finance, procurement, highways, estate management and education have confirmed the specific schemes which are required in either 2022/2023, 2023/2024 or 2024/2025.
- 2.5 The review has included revision to previous budget cost of each scheme to reflect the current scope of works whilst also considering the current commercial procurement market. It is considered that the current contractor market is volatile resulting in tender return increases. Consequently, budget cost has been reviewed to avoid future budget increases.
- 2.6 Where possible, schemes have been re-prioritised with a view to doing essential works only thus affording further time to realign with wider considerations such as Decarbonisation and Disposal programmes. Again, where possible we have considered implementing management plans to stabilise buildings without immediate capital investment.
- 2.7 It is proposed that some previously identified maintenance schemes are more complex than simple maintenance schemes and should be appropriately addressed with a whole building approach with consideration to Asset Strategy and Decarbonisation. Consequently, these such schemes have been removed from the maintenance programme to be addressed through other more appropriate programmes/initiatives.
- 2.8 Specific schemes have been identified as being beyond the realms of maintenance due to scale, complexity, and cost. It is considered that these such schemes are more appropriately addressed in alternative programmes.

3 Investment Projects

- 3.1 A number of assets have identified property maintenance requirements, however a whole building approach is deemed most appropriate to maximise capital spend and investment. Details of schemes to be managed as alternative programmes are detailed in the Part B report and include Decarbonisation; Heritage Investment and Development Investment.
- 3.2 It is proposed that the associated budgets for such schemes should be retained in the Property Management Programme for re-allocation into newly reported schemes.

3.3 Details of additional maintenance works to the corporate estate (including schools) are prioritised over the next 3 years. This detail is included in the Part B report

3.4 School Funding and Contributions

The future school projects will be funded from the future School Condition Allocations grant, that is not currently included in the capital programme beyond the current financial year. The grant amount is advised to be circa £1.5m and will be added to the capital programme once advised from the DfE. Subject to the school schemes being approved by CIPB, the Council will seek a school contribution of 10%, subject to the school's funding capabilities.

4.0 Options/Alternatives

4.1 Option 1 - Do nothing, which is not considered viable as the schemes identified are considered as priority maintenance works that are required necessary either to maintain the full operational use of the buildings, to mitigate legal risks, are of a health and safety issue, or are considered needed to meet statutory legislation requirements.

4.2 Option 2 – To approve the budget and to commission the required works in accordance with the Council's Contract Procedure Rules. This will assist to maintain and facilitate improved functional use of our corporate assets, whilst mitigating relevant operational and health and safety risks

5.0 Preferred Option

5.1 Option 2 – To approve the budget and to commission the required works in accordance with the Council's Contract Procedure Rules. This will assist to maintain and facilitate improved functional use of our corporate assets, whilst mitigating relevant operational and health and safety risks

6.0 Consultation

6.1 A collaborative meeting was held on 6th May 2022 to collectively review and agree the Backlog Maintenance programme based on priority assessment, asset strategy, budget availability and procurement considerations. Technical officers in collaboration with colleagues in finance, procurement, highways, estate management and education have confirmed the specific schemes which are required in either 2022/2023, 2023/2024 or 2024/2025

7 Financial Implications

7.1 The finance comments are contained in the Part B report.

(Jamie Kelly)

8 Legal Services Comments

8.1 Provided all works approved under this report are commissioned in accordance with Contract Procedure Rules and suitable contracts are put in place with contractors to

formalise the delivery of the required works, there are no known legal implications at this time.

(Sarah Orrell)

9 **Co-operative Agenda**

9.1 The essential maintenance of the Council's assets will enable their longer-term use to drive better outcomes in Oldham, in accordance with the Council's Co-operative Agenda to support Thriving Communities.

(Amanda Richardson, Policy Manager)

10 **Human Resources Comments**

10.1 *No HR implications*

(Catherine Pearson, Strategic HR Lead)

11 **Risk Assessments**

11.1 The following risks need to be managed on this element of the capital programme:

- The amount of grant funding from alternative sources to support the basic maintenance programme such as that available for bidding for public sector decarbonisation funding is maximised.
- The spend anticipated for the financial year 2022/23 is reasonable and can be achieved to enable the Council to forecast accurately the amount of money it needs to budget for in its capital programme.
- Certain schemes within the programme are still required due to the actual or planned completion of major capital schemes such as those included within the Creating a Better Place Programme.

(Mark Stenson)

12 **IT Implications**

12.1 *No IT Implications.*

(Mike Zammit)

13 **Property Implications**

13.1 All the property implications are included in the report.

(Rosalyn Smith)

14 **Procurement Implications**

14.1 If the works within this report are approved then all procurement must be fully compliant in accordance with The Public Contract Regulation (2015) and Oldham Council Contract Procedural Rules. Provided effective contract management is put in place then there should be no issues with delivery. However, a note of caution regarding the present price inflationary environment within the construction sector, currently 20 - 23% on certain materials and resources. Specifically, a 40% increase in the price of diesel and lubricants.

This will affect approved budgets moving forward as contractors may only fix or guarantee prices for short periods.

(Philip Harper Oliver)

15 Environmental and Health & Safety Implications

15.1 As an employer/duty holder, Oldham Council has a statutory duty to maintain its assets to ensure that health and safety risks are mitigated. Implementation of the priority works set out within this report will assist in ensuring that the Council meets its legal responsibilities. Contractors will be procured in accordance with the Council's Contract Procedure Rules, thus ensuring that competent contractors are utilised. Health and Safety risks will be mitigated through satisfactory contractor management and monitoring ensuring full compliance with the Construction (design and management) regulations 2015 and other associated health and safety legislation.

(Laura Smith)

16 Equality, community cohesion and crime implications

16.1 There are no community cohesion implications arising from the proposals in the report

(Natalie Downs)

16.2 The impact of any maintenance and repairs on the security of premises, land sites and equipment will need to be considered. There are no community safety implications relating to the financial aspects of the report.

(Lorraine Kenny)

17 Equality Impact Assessment Completed?

17.1 No

18 Key Decision

18.1 Yes

19 Key Decision Reference

19.1 NC/08/22.

20 Background Papers

20.1 N/A

21 Appendices

21.1 Appendix A - Backlog Maintenance Report 2021_2024