



## COUNCIL CABINET

12 April 2017

Report of the Cabinet Member for Finance and Governance

# ITEM 8

## Property Improvement Capital Works Programme 2017/18

### SUMMARY

- 1.1 This report proposes revisions to the Property capital programme approved at Council Cabinet on 15 February 2017, across a proposed number of projects to form the 2017/18 Property Improvement Capital Programme. The revisions accommodate anticipated slippage from the 2016/17 programme and updated cost estimates.
- 1.2 Whilst we know a number of properties that we will be retaining, the future of some properties is unknown, pending progress of the Property Rationalisation Project. Where the future of properties is unknown, works are being focussed on essential works only as it is not considered value for money to invest significant sums in buildings whilst this project is still progressing.
- 1.3 Proposed improvement schemes have been prioritised against essential condition issues and health and safety requirements, including fire precaution works, upgrading of emergency lighting systems, renewing life expired boilers and heating systems, lift improvements, window improvements and improvements to the building fabric.
- 1.4 The work programme is managed and monitored by the Property Management Programme Board in line with the governance arrangements of the Corporate Capital Programme Board.
- 1.5 The Property Improvement Work Programme is capitalised and funded corporately and is complemented by reactive revenue maintenance works that takes place throughout the year.

### RECOMMENDATION

- 2.1 To approve the Property Improvement capital programme of works for 2017/18 as detailed in appendix 2.
- 2.2 To continue to give delegated authority within the limits set out in the Terms of Reference (ToR) (Terms of Reference limits are consistent with those set out in the Financial Regulations) to the Strategic Directors of Communities and Place and People Services (as appropriate) following consultation with the relevant Cabinet Member, to enable them to respond to changing priorities throughout the year by introducing new schemes or bringing forward the implementation of some schemes at the expense of others.

- 2.3 To continue to give delegated approval to the Property Management Programme Board as per its ToR.
- 2.4 To increase delegations to the Property Management Programme Board to allow for budget changes to be made on projects that span more than 1 financial year as long as the total project budget has been approved and that the changes do not exceed this approved budget.

<b>REASONS FOR RECOMMENDATION</b>
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- 3.1 When the Property capital programme was submitted to 15 February Cabinet, feasibility work was still in development for most property projects and therefore budgets in this report were estimated. Following progression of feasibility reports, scheme designs and further investigation work, more robust cost estimates have been made.
- 3.2 In the interests of the effective management of the programme, it is appropriate to maintain the delegated approvals as outlined in the Property Programme Management Board's Terms of Reference (ToR); to have the authority to review the programme and reallocate funding on the basis of the outcomes of investigations, feasibility studies and progress of other schemes and changing health and safety priorities.
- 3.3 It is essential that the Property Improvement Work Programme remains flexible to accommodate the outcomes of internal reorganisations, restructures, changing work patterns and operational commitments and is able to accommodate the outcomes of decisions linked to the council's property rationalisation project.



Derby City Council

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<b>SUPPORTING INFORMATION</b>
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- 4.1 The property capital programme 2017/18 – 2019/20 was approved at 15 February 17 Cabinet. Following finalisation of feasibility reports, scheme designs and further investigation work, this report aims to reallocate this budget over a number of schemes.
- 4.2 The Council has a significant number of buildings that are used to directly provide services to members of the public as well as operational and administrative buildings and properties that are let out to tenants. The range of improvement works required to ensure that these properties are safe for their designated uses are extensive, with priority being given to health and safety and legislative requirements, including the Equality Act 2010 and adjustments for disabled people. The property maintenance team, facilities management and the building managers, work together to manage the risks associated with the safe and accessible operation of the buildings.
- 4.3 The Property Improvement Capital Programme is developed based on the outcome of Condition Surveys, Surveyors visits and inspections, and in consultation with the building managers. It prioritises works based on a range of categories listed in 4.6 below. However for the past four years the programme has also been prioritised to essential works only whilst the Property Rationalisation Project has been carrying out a review of the Councils land and property.
- 4.4 The Property Improvement capital programme funding is predominantly from a combination of borrowing and single capital pot grant. There are a number of schemes that were approved on the 2016/17 Property Improvement Capital Programme that have been slipped into 2017/18 that contribute to the total 2017/18 budget for the Property Improvement Capital Programme. These are also listed in appendix 2 and take the total programme budget for 2017/18 to £6.55 million.

- 4.5 It is proposed to add the following schemes to the Property Improvement Programme, subject to there being sufficient capital funds in the property rationalisation budget to progress the schemes:

- Market Hall Refurbishment feasibility and design work
- Cattle Market demolition
- Wholesale Market demolition
- Stores Road Tram Shed demolition

This report seeks Cabinet approval to add the schemes to the capital programme subject to approval at Corporate Property Board.

Appendix 2 also presents the Council House Ground Floor reconfiguration project as part of the Property Rationalisation programme. A separate report will be presented to Cabinet for approval to progress this project.

- 4.6 Projects have been identified across a range of categories prioritising essential condition issues and health and safety requirements. The 2017/18 schemes included in Appendix 2 are split into the following categories:

1. Essential Maintenance Projects:
  - Lift Projects
  - Water Hygiene
  - Boundary Improvements
  - Fire Precaution works
  - Replacement Windows
  - Boiler / Heating schemes
  - Electrical re-wiring
  - Contingency budget for unforeseen essential maintenance work
  - Preliminary Design work
  - Car parks and external areas
2. Major Essential maintenance projects (costing £500k+)
3. Property Improvement – Refurbishment schemes
4. Parks projects
5. Swimming pool
6. Property Rationalisation Projects

Appendix 2 also notes further years consideration for increased cemetery provision. Budget for this has not yet been identified. Survey work will be progressed in 2017/18.

- 4.7 Due to the limited budget available all projects have been assessed to ensure that only essential works are carried out. These proposed projects are highlighted in appendix 2, which gives a brief description of each of the proposed projects and budget estimates, subject to detailed design and procurement processes. All schemes at this stage of development are budgeted to within +/-30%, these figures will be adjusted to be more accurate through the design stages of the project.
- 4.8 As the projects on the capital programme progress they will be reviewed against the progress of the Property Rationalisation Project and alterations may be made to the programme to ensure that all spend is considered appropriate.
- 4.9 The Property Management Programme Board covers a wider remit than just the Property Improvement Capital Programme, and includes the Housing General Fund and Schools. The terms of reference for the Property Management Programme Board (Appendix 3) reflects the proposed recommendation that Cabinet delegated authority can be given to the Strategic Directors of Community and Place and People Services in consultation with the relevant Cabinet Member. This will enable them to respond to changing priorities throughout the year by introducing new schemes or bringing forward the implementation of some schemes at the expense of others (within existing Cabinet approved budgets and within delegated financial limits and in line with any grant terms or requirements).
- 4.10 The Property Management Programme Board ToR has been updated (appendix 3) and includes proposals to increase delegations to allow for budget changes to be made on projects that span more than 1 financial year as long as the total project budget has been approved and that the changes do not exceed this approved budget.

#### **OTHER OPTIONS CONSIDERED**

- 5.1 The development of the Property Improvement programme has involved consideration of various options for the inclusion of projects. The programme recommended is considered to be the best way to meet statutory obligations and ensure building compliance, whilst the outcomes of the property rationalisation project are awaited.

#### **This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>PD&amp;M Manager</b> <b>Service Director(s)</b>  <b>Other(s)</b>	Emily Feenan – Principal Lawyer Mazer Hussain – Group Accountant  Philip Derbyshire – Head of Property Design and Maintenance Greg Jennings – Director of Regeneration, Property & Housing Christine Durrant – Strategic Director of Communities and Place and Deputy Chief Executive Jayne Sowerby-Warrington – Head of Strategic Asset Management and Estates Ann Webster – Equalities Lead
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Sam Divall 01332 641609 sam.divall@derby.gov.uk None Appendix 1 – Implications Appendix 2 - Proposed Property Improvement Capital Works Programme 2017/18

<b>IMPLICATIONS</b>
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### **Financial and Value for Money**

- 1.1 This report seeks delegated authority to the Strategic Director of Community and Place and People Services in consultation with the relevant Cabinet Member to respond to changing priorities throughout the year by introducing new projects or bringing forward the implementation of some projects at the expense of others (within existing Cabinet approved budgets and within delegated financial limits and in line with any grant terms or requirements).
- 1.2 This report seeks to continue delegated authority as outlined in the main body of the report.
- 1.3 All reallocations will be incorporated within the existing funding approved and will be switched to ensure no increase in borrowing is incurred within the approved programme.
- 1.4 All project changes are reported to the Property Programme Management Board and will be recorded appropriately, identifying the details and reasons for the project variation, and are managed in consultation with the respective technical and financial officers.
- 1.5 All delegated approvals will be in line with financial procedure rules and approved by the Property Board.

### **Legal**

- 2.1 When determining the property improvement work programme, regard must be given to health and safety legislation, the Equalities Act and Public Sector Equality Duty other relevant statutory and regulatory requirements which impact on the Council's responsibility as an employer, service provider and landlord.

### **Personnel**

- 3.1 There are no personnel implications arising from the content of this report.

### **IT**

- 4.1 There are no IT implications directly arising from the content of this report. Budget provision will be made available for the IT components of the projects, as appropriate.

### **Equalities Impact**

- 5.1 All projects are undertaken to take into account the Equalities Act and Public Sector Equality Duty and Building Regulations. Equality Impact Assessments will be done

where appropriate for the projects at the start and continue until completion – these will be discussed with our Lead on Equality and Diversity.

There is particular concern regarding the Assembly Rooms car park lift being out of action. This lift is the default car park for DCC disabled employees and heavily pregnant employees to use when the Council House car park is full. The lift being out of order makes it very difficult, not only for DCC employees, but customers too. There are some disabled people's parking bays on the ground floor and the 1<sup>st</sup> floor where there are steps to the payment machine.

## **Health and Safety**

- 6.1 The priority projects in the main address property related Health and Safety implications and conform to Building Regulations 2010, Workplace (Health, Safety and Welfare) Regulations 1992, Regulatory Reform (Fire Safety) Order 2005 and other key legislative requirements.

## **Environmental Sustainability**

- 7.1 All projects are designed to comply with the latest edition of the Building Regulations approved documents. Consideration is given to bring in additional funding where possible to improve the thermal efficiency of the building portfolio, balanced against budgetary constraints.

## **Property and Asset Management**

- 8.1 The proposed Property Improvement programme has been reviewed and is supported by the Property Programme Board. Any changes to the programme will be reported and minuted through this board.

## **Risk Management**

- 9.1 The implementation of the proposed projects will reduce risk to the Council associated with structural, mechanical or electrical failure. Identified risks will be reported to the Property Board and will be eliminated or mitigated where possible.
- 9.2 The range of improvement works required to ensure that the Council's properties are safe for their designated uses are extensive, with priority being given to health and safety and legislative requirements. The property maintenance team, facilities management and the building managers, work together to manage the wide range of risks associated with the safe operation of the buildings.

## **Corporate objectives and priorities for change**

- 10.1 The process set out for approval is intended to deliver a capital programme that is consistent with corporate objectives and priorities.