

Cabinet

30 April 2024

Referral from the Regeneration, Culture and Environment Overview and Scrutiny Committee – Asset Management Strategy

Portfolio Holder: Councillor Naushabah Khan, Portfolio Holder for Housing and Property

Report from: Adam Bryan, Director of Place

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Summary

This report sets out a referral from the Regeneration, Culture and Environment Overview and Scrutiny Committee with regard to the Corporate Building Survey Results Report that was considered by the Committee on 28 February 2024.

The Committee recommended to Cabinet that they ask officers to review their Asset Management Strategy for corporate buildings and provide an update and action plan at a future Overview and Scrutiny Committee.

1. Recommendations

1.1. The Cabinet is asked to consider the following recommendation from the Regeneration, Culture and Environment Overview and Scrutiny Committee and agree a way forward.

1.2. It be recommended to Cabinet that:

a) Officers be requested to review the asset management strategy

b) Following a review of the Asset Management Strategy officers are instructed to report back to Regeneration, Culture and Environment Overview and Scrutiny Committee with an update and action plan for corporate buildings.

1.3. The Cabinet is also recommended to note that the revised Asset Management Strategy and action plan will be reported back to the Cabinet for approval, having been considered by the Regeneration, Culture and Environment Overview and Scrutiny Committee as pre-decision scrutiny.

2. Suggested reasons for decisions

- 2.1. The Regeneration, Culture and Environment Overview and Scrutiny Committee has made these recommendations to Cabinet in accordance with its entitlement, under the Council's Constitution, to make recommendations to Cabinet arising from the outcome of the scrutiny process (Constitution – Articles of the Constitution – Chapter 2, Article 6, Paragraph 6.4). Cabinet is, therefore required to consider its response.

3. Budget and policy framework

- 3.1. Overview and Scrutiny Committees may make recommendations to the Cabinet arising from the outcome of the scrutiny process (Constitution – Articles of the Constitution – Chapter 2, Article 6, Paragraph 6.4).
- 3.2. At the meeting held on 28 February 2024, the Regeneration, Culture and Environment Overview and Scrutiny Committee agreed to make recommendations to Cabinet, as set out in section 4 of the report.

4. Background

4.1. **Regeneration, Culture and Environment Overview and Scrutiny Committee 28 February 2024 – Corporate Building Survey Results**

- 4.2. The Committee received a report regarding the outcome of the corporate building that outlined the required budgets for Building Repairs and Maintenance Fund (BRMF) for the next 5-year cycle (2023-2028) to ensure Medway Council corporate estate (which consists of over 120 properties) is safe, warm and dry for staff, visitors and contractors.
- 4.3. A BRMF survey had been conducted and the results provided details of costs to fully maintain the corporate portfolio, which amount to **£23,963,400** (with inflation and project risk included) for the 5 years. To carry out the essential works for health & safety/major repairs/major lifecycle repairs across the corporate portfolio, the cost is **£15,484,174.00** (with inflation and project risk included).
- 4.4. The Committee were informed that all options were being looked at with the Transformation Team including whether it would be more financially viable to dispose of corporate buildings, subject to appropriate governance tests.
- 4.5. Members were keen to ensure that the deficit would be more closely monitored in future alongside robust action planning to address the shortfall and its impact.
- 4.6. The Committee:
 - a) noted the need for the increased investment to the BRMF to ensure the corporate estate portfolio remains safe, warm and dry and a valuable set of assets.

- b) recommended to Cabinet that they ask officers to review their asset management strategy and provide an update and action plan at a future Committee.

5. Director's comments

- 5.1. Following the report provided by the Chartered Institute of Public Finance and Accountancy (CIPFA), officers have begun to review the corporate portfolio in order to look at asset rationalisation and BRMF spending as a holistic project rather than separate. The work has begun following the report to the scrutiny committee and is likely to be able to be reported back to Members by of quarter 2.

6. Risk management

- 6.1. The risks associated with the BRMF are that the established maintenance programme to appropriately manage our portfolio is far greater than the funds currently available and forecast for the next 5 years.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Reputational	The BRMF is insufficient to support essential works necessary to corporate buildings which could impact on service delivery and income.	Ensuring the complete BRMF is available over the next 5 years	BIII
Health and Safety	The BRMF is not adopted over the next 5-year cycle and corporate buildings become unsafe to work in/visit	Ensuring the complete BRMF is available over the next 5 years	CIII
Increase in carbon footprint of corporate portfolio	A lack of maintenance and repair of M&E plant continues to increase carbon footprint of corporate portfolio due to low energy efficiency plant	Replace low energy efficient E&M plant through the BRMF 5-year cycle	BII

	being operated in the building.		
Financial Risk to the Council	Following CIPFA report to Medway Council, it was suggested that an asset rationalisation be undertaken to allow the council to remain financially viable and stave S114 proceedings	Officers to undertake a corporate asset rationalisation project	BI

For risk rating, please refer to the following table:

Likelihood	Impact:
A Very likely	I Catastrophic
B Likely	II Major
C Unlikely	III Moderate
D Rare	IV Minor

7. Climate change implications

- 7.1. The building surveys have identified several opportunities where the corporate portfolio would benefit from repairs and maintenance that would see better energy efficient electrical and mechanical plant installed. Facilities Management & Capital Projects will work with the Climate Change Team to look at gaining additional sources of funding, ideally from external sources such as the Public Sector Decarbonisation Scheme as the previous REFIT phases have been withdrawn due to current finance pressures.

8. Financial implications

- 8.1. The Current BRMF is set at £750,000 per annum. The building surveys have captured repairs and maintenance sums at a greater figure than that currently budgeted for (subject to further review). The increase in funds required cannot be found currently from revenue budgets within the Council.

9. Legal implications

- 9.1. Several repairs and maintenance are urgent within the survey year(s) due to matters of a health & safety requirement. By not undertaking these specific repairs and maintenance, the Council could fail under Section 2(d) of the Health & Safety Act 1974 by its acts and omissions.

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Appendices

Appendix 1 – Report to the Regeneration, Culture and Environment Overview and Scrutiny Committee – 26 February 2024

Background papers

None