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Regeneration, Culture and Environment Overview and Scrutiny Committee

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Corporate Building Survey Results

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Summary

This report provides an update to Committee Members and outlines the required budgets for Building Repairs and Maintenance Fund (BRMF) for the next 5-year cycle (2023 – 2028) to ensure the Medway Council corporate estate is safe, warm and dry for staff, visitors and contractors. Medway Council corporate estate consists of 120+ properties.

The report does not detail planned and reactive maintenance activities (such as fire extinguisher servicing) of the corporate estate as this is funded via Medway Norse budgets. The report does not detail repairs and maintenance of Value and Asset Management properties or corporate properties such as Splashes Leisure Centre or The Brook Theatre as these are either not built at the time of this report or are already undergoing refurbishment.

1. Recommendations

1.1. The Committee is asked to note 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.

2. Budget and policy framework

2.1. The management and maintenance of the corporate property estate is a Cabinet responsibility. By undertaking recommendations as laid out in this report, Cabinet ensures that the Medway Council Strategy and Plan is implemented.

3. Background

3.1. The BRMF ensures that Medway Council corporate estate is safe, warm and dry for Medway Council staff, visitors and contractors to work and visit. The BRMF has for the previous 5-year cycle of condition surveys, been used for reactive maintenance/Capital Expenditure (CAPEX) projects of income

generation buildings. The condition surveys update the council on building fabric and associated mechanical and electrical plant across the corporate estate.

- 3.2. At the Business Support Overview and Scrutiny Committee (25 January 2023), the Committee requested an update on the progress of undertaking a review of the refurbishment and maintenance of the corporate estate portfolio.
- 3.3. The adequate maintenance of the Council's portfolio of properties is essential in terms of ensuring the quality of service delivery to our customers, their and our employees' health & safety and maintaining the properties' condition and asset value.

4. Advice and analysis

- 4.1. Property & Capital Projects (P&CP) team commissioned building surveys on all corporate properties, within the teams remit, with the view of producing the next strategic 5-year Building Repairs and Maintenance Fund (BRMF).

The results of the surveys were passed to P&CP team in late May 23. P&CP team are reviewing the survey results, along with Medway Norse partners and internal teams to ascertain the value of the next five years strategic BRMF to provide the following:

- The complete adoption of the necessary BRMF funding over the 5-year cycle ensures the sustainability of the Medway Council property portfolio both in its use and the reduction of the carbon footprint of its use.
 - The complete adoption of the BRMF funding ensures that spending on reactive maintenance will be reduced over the next 5-year cycle due to new plant being installed.
 - The returned rebate from Medway Norse should increase, offsetting some of the capital expenditure of the BRMF.
 - The BRMF costs for 2028 and beyond will be reduced due to newer plant being installed.
- 4.2. The BRMF survey results provided details of costs to fully maintain the corporate portfolio. These costs amount to **£23,963,400** (with inflation and project risk included) for the 5 years.
 - 4.3. 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). The summary figures for each year can be found in Appendix A to this report. This figure may be reduced further as projects such as REFIT (REFIT project replaces assets that are beyond lifecycle repair for carbon reduction improvements) are agreed by CMT in further financial years.

- 4.4. As the council looks to rationalise the corporate portfolio, buildings that currently appear in the BRMF lifecycle costs may be removed, further decreasing the BRMF costs to the council.
- 4.5. Years 1, 2 & 3 have budgetary pressures due to the approved BRMF funding not meeting the costs to undertake the essential works. These budgetary pressures will need to be agreed in each of the financial years to ensure the corporate portfolio remains safe.

5. Risk management

- 5.1. 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 & 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 being operated in the building.	Replace low energy efficient E&M plant through the BRMF 5-year cycle	BII

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

6. Consultation

- 6.1. P&CP team are in consultation with Medway Norse FM to assess which works scope Medway Norse can incorporate into their planned maintenance works over the next 5-year cycle. P&CP team are updating colleagues involved with REFIT on the surveys to ascertain REFIT work streams and invest to save funding allocation. The portfolio holders for property have been shown the building condition survey early review. The outcomes of these reviews are not complete and the work of reviewing the surveys is ongoing and will be ready for approval by 30 November 23.

7. Climate change implications

- 7.1. [The Council declared a climate change emergency in April 2019](#) - item 1038D refers, and has set a target for Medway to become carbon neutral by 2050. The P&CP projects team are working closely with the Climate Change team to reduce carbon emissions utilising REFIT and with the new plant installed through the REFIT initiative, is reducing energy consumption.
- 7.2. 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. A number of these plant replacements have already been identified in the REFIT project in addition, implementation of the works scoped in the surveys would improve the energy efficiency of the corporate portfolio greatly.

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 and would require funding through the capital programme, ideally from external sources such as the Public Sector Decarbonisation Scheme.

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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Appendix A – Summary of Building Costs

SUMMARY OF BUILDING SURVEY COSTS

1. The details below are the summary of building survey costs to repair and maintain the corporate portfolio for 2023-24.

Leisure	£ 189,503.02
Health Services	£ 52,470.90
Libraries	£ 303,956.28
Pavilions	£ 134,380.40
Public WCs	£ 20,289.01
Youth Centres	£ 17,604.00
Corporate	£ 192,015.50
B/D & M	£ 36,579.50
Car Parks	£ 60,365.00
Total	£ 1,007,163.61
Reactive	£ 402,865.44
Total	£ 1,410,029.06
Inflation adjusted @ 8%	£ 112,802.32
Prelims @ 22%	£ 310,206.39
Total Sum	£ 1,833,037.77

Prioritised Works (Health & Safety/Major Repairs)

Total Sum	£1,519,935.99
BRMF Approved Sum	£750,000
Pressure	-£769,935.99

2. The details below are the summary of building survey costs to repair and maintain the corporate portfolio for 2024-25.

Leisure	£1,323,791.82
Health Services	£ 353,419.80
Libraries	£ 611,439.60
Pavilions	£ 220,015.73
Public WCs	£ 15,870.07
Youth Centres	£ 92,745.33
Coporate	£ 722,168.69
B/D & M	£ 145,984.94
Car Parks	£ 528,425.50
Total	£4,013,861.48

Reactive £1,605,544.59

Total £5,619,406.07

Inflation adjusted
@8% £6,068,958.56

Prelims @ 22% £1,335,170.88

Total Sum **£7,404,129.44**

Prioritised Works (Health & Safety/Major Repairs)

Total Sum **£4,243,581.79**

BRMF Approved Sum £750,000

Pressure **-£3,493,581.79**

3. The details below are the summary of building survey costs to repair and maintain the corporate portfolio for 2025-26.

Leisure	£3,534,087.14
Health Services	£219,093.54
Libraries	£671,202.24
Pavilions	£73,935.20
Public WCs	£10,417.41
Youth Centres	£75,697.50
Corporate	£1,396,545.00
B/D & M	£214,657.49
Car Parks	£243,970.50
Total	£6,439,606.02
Emergency	£2,575,842.41
Total	£9,015,448.43
Inflation adjusted @ 8%	£9,736,684.31
Prelims @ 22%	£1,983,398.65
Total Sum	£11,720,082.96

Prioritised Works (Health & Safety/Major Repairs)

Total Sum	£3,030,716.39
BRMF Approved Sum	£750,000
Pressure	-£2,280,716.39

4. The details below are the summary of building survey costs to repair and maintain the corporate portfolio for 2026-27.

Leisure	£ 119,267.61
Health Services	£ 43,500.00
Libraries	£ 143,913.12
Pavilions	£ 16,773.52
Public WCs	£ 4,572.50
Youth Centres	£ 12,441.00
Corporate	£ 14,207.00
B/D & M	£ 19,900.00
Car Parks	£ 15,200.50
Sum	£ 389,775.25
Reactive	£ 155,910.10
Total	£ 545,685.35
Inflation adjusted @ 8%	£ 589,340.17
Prelims @ 22%	£ 129,654.84
Total Sum	£ 718,995.01

Prioritised Works (Health & Safety/Major Repairs)

Total Sum	£1,747.00
BRMF Approved Sum	£750,000
Pressure	+£748,253

5. The details below are the summary of building survey costs to repair and maintain the corporate portfolio for 2027-28

Leisure	£ 654,761.16
Health Services	£ 24,591.75
Libraries	£ 122,590.84
Pavilions	£ 0.00
Public WCs	£ 8,181.69
Youth Centres	£ 0.00
Coporate	£ 397,211.00
B/D & M	£ 32,560.80
Car Parks	£ 0.00
Sum	£1,239,897.24

Reactive Spend £ 495,958.90

Total £1,735,856.14

Inflation adjusted @
8% £1,874,724.63

Prelims @ 22% £412,439.42

Total Sum **£2,287,164.05**

Prioritised Works (Health & Safety/Major Repairs)

Total Sum **£34,045.46**

BRMF Approved Sum £750,000

Pressure +£715,954.54

6. The total costs for the 5 year cycle of repairs and maintenance across the corporate portfolio is **£23,963,409.23** (c/w inflation and project risk)

7. The total costs to carry out the essential and major repairs to ensure the corporate portfolio remains safe over 5 years is **£8,830,026.63** (without inflation and project risk). These figures include works that may be captures in further details as part of other projects such as REFIT.