

Individual Executive Decision Notice

Report title	Compliance & Maintenance: Corporate Contingency	
Decision designation	GREEN	
Cabinet member with lead responsibility	Councillor Jacqueline Sweetman Cabinet Member for City Assets and Housing Councillor Louise Miles Cabinet Member for Resources	
Wards affected	(All Wards);	
Accountable Directors	Mark Taylor, Deputy Chief Executive Claire Nye, Director of Finance	
Originating service	City Assets and Housing	
Accountable employee	Julie Bell-Barker	Head of Projects & Works
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Report to be/has been considered by		

Summary

Authority was delegated to the Cabinet Member for Resources and the Cabinet Member for City Assets and Housing, in consultation with the Director of Finance and the Deputy Chief Executive to allocate budgets from the Corporate Contingency for Budget Growth. The delegation was approved on the 19 February 2020 in the 2020-2021 Final Budget and Medium Term Financial Strategy 2020-2021 to 2023-2024 report to Cabinet.

Recommendation for decision:

That the Cabinet Member for Resources, Cabinet Member for City Assets and Housing, in consultation with the Director of Finance and Deputy Chief Executive:

1. Approve a budget allocation totalling £1,182,515 from the Corporate Contingency to the Maintenance Programme to ensure the legal compliance and safe operation of the corporate estate.

This report is PUBLIC
NOT PROTECTIVELY MARKED

Signature

Signature

Date:

Date:

1.0 Background

- 1.1 The Compliance and Maintenance Programme, delivered by the Council's Project and Works service, ensures our buildings are statutorily compliant and safe for CWC employees, and visitors (including the citizens of Wolverhampton). The programme covers a range of building types, and in total consists of 1,512 land and property assets.
- 1.2 Due to changes in statutory compliance and continuing legal precedents being set (which have accelerated since 2017) the costs of maintaining our buildings in a safe, compliant condition is growing faster than the current approved revenue budget can support. The key drivers that have increased and accelerated compliance requirements include;
- Health & Safety Executive Notices
 - National Building Safety Programme 2017
 - New Legislative Standards and Case Law
 - Deteriorating Asset Condition (leading to increased risk of building closures and service disruption)
 - Workforce / Customer Safety and Service Disruption
- 1.3 In addition to our legal duties as property owner/ occupier a lack of compliance would also impact insurance endorsements and could invalidate insurance policies owing to inadequate compliance and inspections.
- 1.4 The 2020-2021 Budget, and Medium-Term Financial Strategy 2020-2021 to 2023-2024 presented to Cabinet on 19 February 2020 and Full Council recognised a number of emerging pressures and included a Corporate Contingency budget for growth in 2020-2021. The Corporate Contingency budget included £3.0 million for Corporate Landlord.
- 1.5 Significant work has been undertaken by the Projects and Works team to minimise the use of the Corporate Contingency but also ensure that all critical compliant maintenance works are completed where required. Due to the pandemic it has not been possible to undertake all the scheduled works, and some works have been deferred, it is therefore anticipated that this contingency will not be required in full.

2.0 Programme and Delivery Strategy.

- 2.1 The requested draw-down to implement critical compliance and maintenance works is broken down into two discrete areas. These being Compliance Alignment Works and Compliance and Safety Works.
- 2.2 The detailed breakdowns of these areas are included in Appendices I, II respectively. The table below provides a summary.

Areas of work	£
Compliance alignment works	510,428
Compliance and Safety works	517,887
Contingency (15%)	154,200
Total cost	1,182,515

- 2.3 The work will predominantly be delivered through an existing supply chain of seven specialist Term Contractors which cover the following six key areas;
- Building Services
 - Mechanical Works (including, pressure vessels, gas systems, gas tightness etc)
 - Electrical Works
 - Water Safety Works (e.g. Legionella compliance works)
 - Lift Works (including specialist lifting systems, man safe systems)
 - Lightning protect works
- 2.4 Should any requirements fall outside of these areas, Projects and Works will work closely with Procurement to ensure adherence to Financial Regulations and Contract Procedures.
- 2.5 The cost estimate is made up of approximately 40% quotations, and 60% estimated costs. As such it is recommended that a 15% contingency is included within the draw-down figure. The true cost will only be known once we have completed the works and finalised accounts with suppliers – owing to the nature of the work (working in existing buildings; inability to accurately survey until opening up the building fabric etc.)
- 2.6 The total Compliance & Maintenance draw-down request for 2020/2021 including contingency is therefore £1,182,515. There will be no further additional requests from the remaining Corporate Contingency for this year (other than in an absolute emergency), together with no carry over from this financial year to 2021-2022.
- 2.7 The proposed delivery strategy to implement the compliance & safety works will be to incorporate the additional requirements into the existing Compliance & Maintenance programme. The current programmed works are delivered via our supply chain which is made up of six specialist compliance Term Contractors, and it's proposed that the additional critical compliance works will be incorporated into the remaining 2020-2021 works programme. Contractor resource and supply chain materials are available to deliver the works within the remaining 2020-2021 compliance programme.
- 2.8 This request for funding will facilitate the completion of critical compliance maintenance works that are required to ensure Council buildings are safe and legally compliant for intended use by 31 March 2021.

- 2.9 Some risks will remain related to the compliance of the Council's property portfolio and these will be mitigated through regular monitoring and reporting to the City Assets and Housing Leadership team and SEB as appropriate, to ensure risks related to a safe and compliant portfolio are managed to an acceptable level.
- 2.10 To better understand and improve projection of risk exposure related to the Maintenance Programme in future years, a Compliance & Maintenance Safety Task & Finish Group has been established and report through the Our Assets board – which is chaired by the Deputy Chief Executive – ensuring integration with Asset Data; and Asset Review workstreams.
- 2.11 The work of this Compliance and Maintenance Safety Task & Finish Group combined with that of the Our Assets programme will seek to reduce the necessary expenditure on compliance for future years. It is anticipated that a projected expenditure of £2.0 million will be sufficient to ensure safety and compliance for the medium term from 2021-2022.
- 2.12 The Compliance & Maintenance Safety Task & Finish Group will also investigate, scrutinise and advise on acceptable levels of risk exposure on all compliance and maintenance safety items, setting out a clearly defined risk profile to be presented to SEB.
- 2.13 It is the objective that by 1 April 2021 all existing vacant positions will be filled and a fully resourced team will be in place to deliver an informed and comprehensive Maintenance Programme which will have been presented to and endorsed by SEB, and which fully aligns with the Our Assets programme.

3.0 Financial implications

- 3.1 The 2020-2021 Budget, and Medium-Term Financial Strategy 2020-2021 to 2023-2024 presented to Cabinet on 19 February 2020 and Full Council recognised a number of emerging pressures and included a Corporate Contingency budget for growth in 2020-2021. The Corporate Contingency budget included £3.0 million for Corporate Landlord.

Significant work has been undertaken by the Projects and Works team to minimise the use of the Corporate Contingency but also ensure that all critical compliant maintenance works are completed where required. Due to the pandemic it has not been possible to undertake all the scheduled works, and some works have been deferred, as a result the £3.0 million contingency will not be required in full.3.3 To ensure the legal compliance and safe operation of the corporate estate and in line with delegated authorities, approval is sought to the allocation of a budget, from the Corporate Contingency, of £1.2 million for the 2020-2021 financial year.

- 3.4 It is understood that the £1.2 million budget considers the level of works able to be completed by 31 March 2021, costs of which exceed the existing £2.0 million revenue Maintenance Programme budget for repairs and maintenance.

3.5 The £1.2 million includes a contingency amount (15%) in order to manage variations to costs estimates when final accounts for completed works are received.

3.6 It is anticipated that budget growth for 2021-2022 financial year will be in the region of £2.0. This is reflected in the Medium Term Financial Strategy as part of the budget setting process and will be subject to future reports for approval.

4.0 Legal implications

4.1 The funds referred to in the recommendations should allow the Council to comply with its legal obligations. If the Council needs to enter into any contracts or agreements they will need to be authorised in accordance with the Constitution.

[TS/14012021/D]

5.0 Equalities implications

5.1 Service user consultation is being undertaken throughout the process. The required works will incorporate inclusive align with BS8300 and the Equality Act 2010.

6.0 Climate Change and Environmental implications

6.1 There are no climate change implications arising from the recommendation of this report.

7.0 Corporate Landlord

7.1 The proposed compliance and maintenance works will ensure our buildings are statutorily compliant and safe for CWC employees, and visitors (including the citizens of Wolverhampton).

8.0 Background Papers

8.1 Cabinet - 2020-2021 Final Budget and Medium Term Financial Strategy 2020-2021 to 2023-2024 - 19 February 2020.

9.0 Appendices

9.1 Appendix 1: Compliance Alignment Works

9.2 Appendix 2: Compliance and Safety works