

Report of:	Executive Member for Environment and Finance & Governance - Councillor Barrie Cooper Director of Environment and Community Services - Geoff Field
Submitted to:	Executive - 9 November 2021
Subject:	ECS Built Asset Capital Investment

Summary

Proposed decision(s)
It is recommended that Executive: a) Approves capital funding for works to The Town Hall, Municipal Buildings, Resolution House, and Central Library to ensure the ongoing condition of these assets for future operational and community use.

Report for:	Key decision:	Confidential:	Is the report urgent? ¹
This report seeks an Executive decision to approve capital expenditure.	Yes - over the financial threshold and more than 2 wards will be affected.	This report is not confidential.	For the purposes of the call-in procedure, this report is not urgent.

Contribution to delivery of the 2020-23 Strategic Plan		
People	Place	Business
Ensure the people of the town have access to cultural venues and in respect of Resolution House improve the quality of the workplace for employees.	Investment in the Town Hall, Municipal Buildings & Central Library will contribute to the regeneration of the Historic Quarter. Investment in Resolution House will improve the quality of the council's main operational depot.	Capital investment in these assets will contribute to the wide regeneration of the town.

¹ Remove for non-Executive reports

Ward(s) affected
Investment in these assets will be of benefit to all Wards throughout Middlesbrough.

What is the purpose of this report?

1. The purpose of the report is to inform Executive of the current arrangement for allocated capital funds in the council 'Built Asset portfolio'.
2. In line with the current arrangement request an additional £5,195,650 of capital funding to be allocated to enable essential investment to be undertaken to the Assets.

Why does this report require a Member decision?

3. The decision requires Executive approval as the requested funding is in excess of £150,000.

Report Background

4. In 2009 the Building Improvement Programme (BIP) was set up as a £30,000,000 programme designed to address the maintenance backlog of Council properties in a planned way over 10 years.
5. In 2013 BIP was replaced with the Critical Compliance and Investment Works (CCIW) as part of the councils 'Work smart' strategy. In 2021 CCIW was renamed 'Property Asset Investment Strategy with a reduced allocation. The focus of this strategy was changed with a renewed emphasis on:-
 - Cyclical Statutory Planned Preventative Maintenance (CSPPM) required to ensure safety and compliance of the Built Assets.
 - To respond to unplanned urgent works due to failures of a building element, plant, or equipment to ensure the Built Asset Portfolio remains operational until such time that a strategic decision is made on the future requirements of each asset.
 - Major investments, classed as one-off capital projects to be administered as separate requests outside of the Property Asset Investment Strategy.

This report outlines four requests for investment in Resolution House, the Town Hall, Municipal Buildings, and Central Library.

6. **Resolution House:** - The cost advice to replace the cladding and associated Building Services to the Workshops is estimated at £1,500,000 to £2,000,000. This is subject to a further detailed survey of the Electrical & Mechanical services and confirmation from the operational services on the unit's suitability. As Middlesbrough has the benefit of sole occupation of the site, previous attempts to secure funding for works to the depot from the other custodian authorities have been unsuccessful, however due to the estimated costs to address the condition of the workshops, new negotiations will commence, but this will be time limited to 3 months due to the need to address the condition of the roof as soon as possible. It should also be noted that although replacement of the cladding system is urgent, measures have been put in place to mitigate risk allowing the building to remain operational in the short to medium term.

Table 1 advises on the estimated costs to each authority on the assumption that the principals of the custodian agreement is applied.

Local Authority	%	Contribution	Contribution
Hartlepool	16.5	£ 247,500	£ 330,000
Middlesbrough	25.9	£ 388,500	£ 518,000
Redcar & Cleveland	25.9	£ 388,500	£ 518,000
Stockton	31.7	£ 475,500	£ 634,000
Total	100	£ 1,500,000	£ 2,000,000

7. Middlesbrough Council currently pays an annual rent of £87,410 (£64,771 net) it is however expected that the other custodian authorities will require a significant rent increase and a formal long term lease if they are to contribute to the cost of the project.
8. **Resolution House:** - The site is the council's main operational depot and requires the installation of a passenger lift to allow a means of accessible access to the first and second floors of the main office block.
9. **Municipal Building and Town Hall:** - The condition of the slate tiled roof, associated lead flashing and stonework is well documented, with the conclusion that major investment is required over the coming years to minimise further deterioration to one of the town's heritage assets. In addition works to the internal building elements, fire compartmentation, and fire detection systems are required.
10. **Central Library:** - The introduction of a ground floor accessible toilet and baby change will provide a much needed facility to allow a wider demographic of the community to visit and utilise the resources within the library.

What decision(s) are being asked for?

11. It is recommended that the Executive Member approves the requested £5,195,650 capital funding to carry out the identified works.

Why is this being recommended?

12. To ensure that these assets are structurally stable and remain suitable for operational and community use.

Other potential decisions and why these have not been recommended

13. Structural reports have confirmed that capital investment is required to address the existing condition of the Town Hall, Municipal Buildings & Resolution House. Any further delay to action these recommendations would increase the risk of a building element failing and could result in a breach of Health & Safety Legislation, putting the council as risk of legal action being taking.

Impact(s) of recommended decision(s)

14. The impact of approving the report will result in ensuring the noted building elements on these assets remain in a safe & suitable condition.

Legal

15. Any legal requirements associated with the planning and delivery of works will be managed through the Council's policies and procedures.

Financial

16. The Table advises on the individual assets that have been identified as requiring Major Investment and includes proposed years for funding to be drawn down.

	21/22	22/23	23/24	24/25	Total
Town Hall		£ 1,000,000	£ 1,000,000		£ 2,000,000
Municipal Building Roof & associated external fabric			£ 1,000,000	£ 1,000,000	£ 2,000,000
Municipal Building Internals	£ 250,000	£ 250,000			£ 500,000
Resolution House Workshops (M'bro cont'n @25.9% of total £2,000,000 cost)	£	£ 518,000			£ 518,000
Resolution House Lift (M'bro cont'n @ 25.9% of total £350,000 cost)	£ 90,650				£ 90,650
Central Library Accessible WC	£ 87,000				£ 87,000
Total	£ 427,650	£ 1,768,000	£ 2,000,000	£ 1,000,000	£ 5,195,650

17. The financing cost of the above is shown below:

Financial year	£
2021/22	15,798
2022/23	65,313
2023/24	73,883
2024/25	36,942
Total Cost to Capital Financing	191,936

There is revenue budget to cover the financing costs within the current financial year (2021/22), however future years will need to be factored into the Council's MTFP.

Policy Framework

18. The Approval of the recommendations will not affect any part of the Council's Policy Framework.

Equality and Diversity

19. There will be no negative, differential impact on diverse groups and communities associated with this report.

Risk

20. If the works are not carried out the following risks may apply:-

- In the event of a substantial failure of a building element that caused death or injury, there would be a HSE investigation that could result in criminal prosecution and civil proceeding if the Authority was found to be at fault.
- Deterioration of the external building elements and damage to internal building elements and fixtures.
- Reputational damage to the Council and a detrimental impact on the Town's recovery post COVID with the potential of loss to the Community, Education, Tourist, and Cultural offer provided by the Town Hall & Municipal Buildings.
- The unplanned closure of the workshops in Resolution House would result in the Council's vehicle fleet, plant, and machinery not being maintained. This would have a detrimental effect on the delivery of critical front line services.

Actions to be taken to implement the decision(s)

21. To deliver the programme of works Asset Management will work in collaboration with other services to review internal project arrangements, carry out the necessary tender/procurement exercise through appropriate channels, allocate financial resource, and manage the works programme.

Appendices

22. There are no appendices to this report.

Background papers

23. There are no background papers to this report.

Contact: David Jamison Head of Property & Commercial Service

Email: david_jamison@middlesbrough.gov.uk