

Decision maker:	Cabinet member commissioning, procurement and assets
Decision date:	Tuesday 12 November 2019
Title of report:	Estates capital programme - improvement works to the electrical installation at the Shire Hall
Report by:	Capital programme and maintenance manager

Classification

Open

Decision type

Non-key

Wards affected

Central;

Purpose and summary

To approve the early draw down of funds from the 2020/21 capital programme budget to deliver improvement works to the electrical installation at the Shire Hall, Hereford.

The Shire Hall is a council asset and is used for delivering council services. In addition it accommodates H.M. Court Services and also provides rooms for public use, both of which bring in a revenue income to the council.

Work to the incoming electrical services needs to be undertaken one year ahead of program as there is an increasing risk that this part of the building's electrical infrastructure could fail. The electrical infrastructure within the Shire Hall is at least 50 years old and contains outmoded electrical switchgear. There is no expected impact on current revenue budgets, although by ensuring the building can function it will ensure revenue income is received and ensure continued service to H.M. Court service and Council..

Recommendation(s)

That:

- (a) **£200k of the 2020/21 capital budget allocation be spent in 2019/20 on replacement of the Shire Hall's electrical switch gear and associated service infrastructures; and**
- (b) **the assistant director for technical services be authorised to take all operational decisions necessary to implement the above recommendation and spend within an approved budget of £200k.**

Alternative options

1. If the work to the electrical switchgear is not brought forward there is a risk that this specific infrastructure could fail within the next twelve months which would cause closure of the building.
2. Action has already been undertaken to enable an electric generator to be connected to the building in the event of switchgear failure, however this would only provide a very short term solution as a generator would create noise and disturbance if running for an extended period. Furthermore, the cost of hiring a generator for an extended period would be prohibitive.
3. Delaying the work until the next financial year is not recommended as an interruption or at worse a failure to the electrical infrastructure due to its age and condition may result in the inability to permanently reinstate the electrical power supply within the building for an, as yet, undefined period which would then require the building to be closed. This would result in the inability of both the council and H.M. Court Service to deliver services from the building.
4. Closure of the building for an extended period due to a failure of the electrical infrastructure would result in a loss of rent and potentially a financial claim by H.M Court Service.
5. Reprogramming these works for earlier completion will help mitigate the potential for failure of the infrastructure, and ensure the electrical switchgear is modern, fit for purpose, compliant and safe whilst avoiding an unscheduled close down of the building.

Key considerations

6. The Shire Hall is one of 297 establishments within the property estate that requires to be maintained and within that total there are 160 investment properties that bring in an income to the council in the region of £3.8m per annum. An investment through capital works will help to ensure these assets can be occupied, leased and thereby safeguard the income stream generated by the investment properties.
7. From the 1 April 2015 to 31 March 2019 reactive and planned/cyclical maintenance work to the Shire Hall was undertaken at a total cost of £232k. The building is Listed Grade II and typical of its age and structure now requires constant upkeep. A recent condition survey has identified the requirement for expenditure of £102k to the fabric of the building excluding both the roof which will be subject to a separate detailed survey, and work to the electrical and mechanical infrastructure. It has already been established that the electrical infrastructure is approximately 50 years old and is largely obsolete and therefore unfit for both present and future use.

8. A failure of the switchgear in the early part of this year, resulting in the closure of the building for a short period highlighted the electrical switchgear was beyond its economic and functional life, and the risk of more lengthy or complete failure is possible before the planned replacement in 2020/21. The failure of the switchgear earlier this year resulted in the closure of courts and suspension of trials and hearings for one day. Clearly a more lengthy closure of the building due to the failure of the switchgear would not only affect the delivery of council services but also the delivery of the judicial services in the county.
9. Replacement of the complete electrical infrastructure was originally scheduled for 2020/21. This is largely because this work will require advance planning and will have to be undertaken in phases to minimise disruption to both the council and H.M. Court Service's use of the property. Undertaking the work to replace the switchgear this financial year will effectively bring forward a much less impactful phase of the project and enable time to plan for sequencing the implementation of later and potentially more disruptive phases which will result in parts of the building being closed. In addition it will ensure that the infrastructure that controls the incoming electrical supply will be fit for purpose in advance of the subsequent phases of the project taking place.
10. These works will be procured and managed through our existing service provider Balfour Beatty Living Places (BBLP). The rationale for choosing our existing provider is that this work is within the scope of their contract which was procured through a managed process in accordance with the council's procurement guidelines. To procure these works by way of a separate procurement process would be more time consuming, thereby involving a longer project timeline (from scoping/specification to completion) which would result in comparable delay and as a consequence would most likely be more costly.
11. Whilst it is feasible that it may be more cost effective to procure the replacement switchgear as part of the wider electrical infrastructure project, the inherent risk of failure and the consequential loss or rent, potential claim and service impact necessitate the more immediate and separate procurement of the work. Given the urgency to mitigate the risk of switchgear failure this work will be prioritised in terms of officer time.

Community impact

12. Ensuring that property assets are improved, maintained and compliant will mean that they are fit for purpose and safe environments for visitors and members of the public in so far as they comply with Health and Safety legislation. In turn this aligns with the key considerations in the corporate property strategy, in so far as the building is in shared use it needs to accord with the stated vision: *"To support the efficient integrated delivery of public services across the county by providing modern, fit for purpose buildings, shared by public agencies"*
13. Property assets that are correctly maintained will, as appropriate, be open and accessible to the public.
14. The council is committed to providing a healthy and safe environment for all individuals impacted by the council's funded activities. The council endeavours to ensure that the work they and their partners undertake, does not adversely affect the health, safety or welfare of members of the public. Council partners are expected to work to the same health and safety standards and codes of practice as the council, as far as is reasonably practicable. This requirement will be included in the final contract terms with the successful contractor and be part of the ongoing contractor review meeting agendas.

15. These proposals will contribute towards the delivery of the aims within the council's corporate plan to 'support improvement in the quality of the natural and built environment' and 'to make best use of the resources available in order to meet the council's priorities' as well as improve the council's energy efficiency, reduce its carbon footprint, provide cost savings by reducing reactive repair works.
16. All installations will comply with the Construction Design Management, (CDM) regulations 2015.

Equality duty

17. The capital improvement budget takes into account keeping buildings compliant and ensuring they are accessible for persons with disabilities.

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
18. Ensuring that improvement works are undertaken will safeguard that the council's equality responsibilities are met in so far as the physical built environment is managed in such a way as to comply with the Equality Act. The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes.

Resource implications

19. Capital expenditure in respect of the Estates Capital Programme 2019/22 line within the capital programme has been re-profiled as detailed in the table below to include £200k for the proposed work to the switchgear at the Shire Hall that was initially programmed for 2020/21. The cost of borrowing £200k early for this work will be offset by expenditure on other projects being re-profiled from 2019/20 to later years. The estates capital programme included a schedule of works of £2.295m in 2020/21 and £1.39m in 2021/22, the 2020/21 budget has therefore been reduced to £2.095m to reflect the profiling of the £200k into 2019/20. Within the budget for 2020/21 £400k remains for the remaining infrastructure works at the Shire Hall. Decisions on spending future year capital budget provision will be subject to further governance before any work can commence.

20. There are no expected impact on current revenue budgets although by maintaining the building revenue income of circa £42k per annum will be maintained.

Capital cost of project	2019/20
	£000
<i>Estates Capital Programme 2019/22</i>	1,350
TOTAL	1,350

Funding streams	2019/20
	£000
<i>Capital Receipts</i>	180
<i>PWLB Funded by - HC Funded</i>	1,170
TOTAL	1,350

Legal implications

21. In common with any other landowner or occupier in the UK, the council has a number of statutory obligations which make it a necessity to undertake regular improvement and maintenance on council owned or operated properties. These obligations include the Health and Safety at Work Act 1974, the Building Act 1984 and the Equality Act 2010 and other related legislation. The council must also be aware of the Energy Efficiency (Private Rented Property) (England and Wales) (Amendment) Regulations 2019 which came into force on the 1 April 2019 which make detailed amendments to The Energy Efficiency (Private Rented Sector) (England and Wales) Regulations 2015 ("the MEES Regulations). The council could be at risk of criminal proceedings and/or civil claims should buildings not be maintained to lawful standards. Due to the grade II* listing and the nature of the proposed works listed building consent will need to be obtained as without it the council could be at risk of criminal proceedings.

Risk management

22. The following risk and mitigations have been taken into account when considering the implementation of the proposal to bring forward work to the switchgear:

Risk / opportunity	Mitigation
Not carrying out improvement works to the service infrastructure of the building will accelerate the deterioration of the asset ultimately rendering it unfit for its intended purpose.	Bringing forward the funding to enable the specific improvement works will help to extend the life of the property asset and protect its value.

Failure of the outdated switchgear will render the building incapable of use by the council and furthermore resulting in a loss of income and potential claim by H.M. Court Service

Undertaking work to replace the switchgear as a matter of urgency will mitigate the risk of failure and ensure the building remains open and fit for its current use, thereby avoiding disruption to the delivery of services.

Not carrying out work to the electrical switchgear will ultimately affect the building's compliance

The proposed work will ensure that in the building is can be made compliant and safe to users, the public and visitors.

Consultees

23. The ward member has been consulted and is supportive of the proposal. In response to a query raised, it was confirmed that a record of condition was planned given the building is Listed Grade II.

Appendices

None.

Background papers

None identified.