

THE EXECUTIVE

27 SEPTEMBER 2005

REPORT FROM THE DIRECTOR OF REGENERATION AND ENVIRONMENT

ASSET MANAGEMENT – CONDITION SURVEYS AND A BACKLOG MAINTENANCE PROGRAMME FOR CORPORATE BUILDINGS 2005/2009	FOR DECISION
<p>Summary</p> <p>A condition survey programme has been undertaken of the Council's corporate estate to obtain an assessment of the level of backlog maintenance and the investment required to clear any backlog.</p> <p>The condition survey was completed in August and of the 67 administrative buildings assessed, 64 require maintenance to a greater or lesser extent, some of which need urgent attention.</p> <p>The condition surveys have identified a need for £8.1m over 2005/06 to 2009/10 and the bid for these works will be considered in association with all other bids and priorities following project appraisal.</p> <p>The way the Council manages and uses its corporate buildings has an impact on the Audit Commission's Comprehensive Performance Assessment of the Council.</p> <p>Wards Affected: None specifically.</p>	
<p>Implications</p> <p>Financial:</p> <p>The past investment by the Council in maintenance of its corporate estate has reduced the potential burden of backlog maintenance. It is estimated that investment to the value of £8.1 million over and above the existing capital budgets will be required to rectify the maintenance backlog over the five financial years 2005/06 to 2009/10. This is much lower than that currently anticipated by other neighbouring boroughs (no London-wide figures are available).</p> <p>If the future years' works (2006/07 onwards) are to be funded from the Capital Programme, additional resources would have to be identified, either from expected capital receipts, revenue or from prudential borrowings, or existing schemes re-prioritised. The request for the funding will be subject to a Capital Bid in line with Corporate procedures and will be considered in conjunction with all other potential projects and priorities. The outcome of the works will be at worst be revenue neutral but is more likely to yield net savings. These have not been quantified at this stage but the revenue status will be part of the detailed implications of the new bid and Capital Programme Management Office (CPMO) Appraisal Process.</p> <p>Legal:</p> <p>None</p>	

Risk Management:

Asset management has an impact on the Audit Commission's Comprehensive Performance Assessment (CPA) 'Use of Resources' score so the way the Council manages and uses its corporate buildings will influence progress to 'excellent' council status.

Whilst the Council has continuously invested in its assets it now needs to expend sufficient sums to redress and arrest deterioration of its corporate buildings and to ensure their sustainability. Failure to do so, could lead to undesirable consequences for the Council, such as:

- Affecting the ongoing value of the Council's corporate Property Portfolio.
- Disruption and delays to high quality services because of buildings being in poor physical condition making services difficult to access or administer.
- Buildings which are expensive to maintain representing poor value for money in the use of scarce resources.
- Failure to maintain front line service buildings to an adequate standard resulting in a poor quality environment for staff and users.

In the case of limited funding being made available, any maintenance work classified as Category D will be given priority over other works.

There are sufficient resources in-house and through Term Contracts to ensure that the funds will be fully spent.

Social Inclusion and Diversity:

The programme of maintenance work if carried out would provide 'fit for purpose' buildings within the limitations of the current building designs which promote health and safety in use for all community users and provide for easier accessibility in response to service demands.

Crime and Disorder:

Section 17 of the Crime and Disorder Act 1998 places a responsibility on local authorities to consider the crime and disorder implications of any proposals. Studies have shown that buildings in good repair and condition are less likely to be the subject of vandalism.

Recommendation

The Executive is recommended to support the inclusion of up to £8.1 million funding in the bidding process for the Capital Programme for backlog maintenance repairs of the Council's corporate estate as identified by the condition survey, subject to the schemes receiving "Four Green Lights" as part of the CPMO Appraisal Process and decisions on priorities during the 2006/07 Capital Programme bid process.

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1. Introduction

- 1.1 The Council is required to take stock of its assets that are used as corporate administrative buildings and manage those assets in such a manner to maintain their sustainability and to provide value for money in the way they are used. The Council is observing good practice in terms of asset management by completing a condition survey of its corporate buildings and by producing a programme of backlog maintenance repairs to be undertaken on these buildings.
- 1.2 The Corporate Asset Management Plan 2003/04 has been approved as 'good' by the Government Office for London. Since then, new asset management guidelines issued by the Office of the Deputy Prime Minister (ODPM) in 2005 seek to ensure that asset management is embedded in corporate priorities and strategies and that there is a link with improved service delivery and value for money.
- 1.3 A main consideration in the management of its corporate property portfolio is the way the Council manages repairs and maintains its corporate assets. The extent of backlog maintenance, if left unchecked, could become a major weakness which can undermine good property management and consequently the CPA assessment.
- 1.4 Although the Council has invested fairly heavily year-on-year in planned renewals programmes, such as providing access to comply with the Disability Discrimination Act (1995) and removal of asbestos, the true condition of the buildings has only become apparent as a result of the surveys. Over the years overall maintenance funding has been insufficient to totally arrest any decline and general building backlog of maintenance has gradually built up.

2. Condition Surveys

- 2.1 Condition surveys on the corporate estate, some 67 operational administrative buildings, commenced in 2004 and were completed in 2005.
- 2.2 The surveys did not cover:
- Investment properties (commercial portfolio, including shops).
 - Buildings that accommodate voluntary groups.
 - Properties leased by LBBD (as long term maintenance is usually the responsibility of the Landlord).
 - Housing stock.

- Schools and educational premises included within the Education Asset Management Plan.
- Dagenham Swimming Pool (as a decision on future facilities will be taken in the near future).

2.3 In line with current good practice, the survey consisted of visual inspections of the accessible parts of the buildings and the external areas. The surveys covered all major building components (structure, fabric, general decoration, maintenance, and mechanical and electrical services). It did not extend to hidden areas and no aggressive opening up was undertaken.

2.4 The category of assessment contained within the surveys is as follows:

Assessed Level	Definition	Category	Anticipated cost of works
Good	Performing as intended and operating efficiently.	Category A	Not included in the £8.1m
Satisfactory	Performing as intended may require minor repairs or servicing.	Category B	Not included in the £8.1m
Poor	Exhibits various defects - each of which might not be significant in its self but together need attention on a planned basis.	Category C	£7.32m
Life Expired	Exhibits major deterioration.	Category D	£0.78m

2.5 The aim should be to achieve Category A or B for the Council's buildings and work will concentrate on those buildings in Category C and D.

3. Key Findings from the Condition Survey

3.1 The findings from the survey have been used to determine the extent, scope and cost of any property backlog maintenance.

3.2 Overall the report covers 67 buildings, of which 64 require some degree of backlog maintenance work. Many of the buildings are in 'good' to 'fair' repair, however, eight buildings of the main administrative estate require substantial backlog maintenance repair (works of a value greater than £100,000).

3.3 These proposed schemes are not intended to include an element of betterment or improvement except where replacement is required, (e.g. obsolete boilers would be replaced to modern energy efficient standards) otherwise replacement is on the basis of like for like.

3.4 The reason why the backlog maintenance has been contained at this level can be attributed to sustainable levels of past and current revenue and capital expenditure on planned and routine maintenance the Council has undertaken in the past.

3.5 In order to provide a budgetary figure the estimates for the works are based on current Term Contract(s) prices, with an allowance for inflation, contingencies and fees. These figures will form the basis from which projects can be developed for appraisal.

4. Financial Implications

- 4.1 Outside of the scope and timescale of this survey, separate surveys have been undertaken to cover access to premises required under the Disability Discrimination Act (1995), Asbestos Removal and Regulation L8 Compliance (Legionella). These are all the subject of separate programmes with approved Capital Programme funding and are therefore not included in these proposals.
- 4.2 The backlog maintenance programme is to be the subject of a new capital bid in 2006/07. The whole programme will have to undergo the Capital Programme Management Office (CPMO) Appraisal Process and would only be able to proceed subject to receiving "Four Green Lights" and allocation of funding.
- 4.3 If the current maintenance backlog were to be addressed in full over the next five years and if the Corporate Estate remained unchanged, then some savings in reactive maintenance should be achieved.
- 4.4 A Corporate Accommodation Strategy is being developed to address the level of property assets the Council requires to deliver its present and future services. The current Corporate Estate are all operational assets. The strategy challenges the need for all the buildings to be operational. One outcome of the strategy is the possible substantial reduction in the number of operational administrative buildings which would lead to reduction in revenue budgets on premises maintenance.
- 4.5 It is proposed that no work be carried out (other than health and safety related work) to buildings that are affected by the implications of the Corporate Accommodation Strategy.

5. Consultation

Lead Councillors

Leader's Portfolio, Councillor Fairbrass.

Deputy Leader's Portfolio (Performance Monitoring), Councillor Wade.

Civic Services Portfolio, Councillor H Collins.

Adult Social Services and Lifelong Learning (Finance), Councillor Bramley.

Officers

Extensive consultation has been held with departments and those with intimate knowledge of the buildings throughout the survey.

The following have seen this report and are happy with it as it stands:

Corporate Strategy

Muhammad Saleem, Solicitor to the Council

Robin Hanton, Corporate Legal Manager

Finance

Alexander Anderson, Head of Finance (DRE).

Alan Russell, Head of Audit.

Joe Chesterton, Head of Financial Services.

Lee Russell, Head of Central Finance.

Housing and Health

Jeff Ellsom, Community Protection Unit Manager.**DRE**

Jim Mack, Head of Asset Management and Development.

Graham Stocker, Building Surveying Manager.

Background Papers

- Office of the Deputy Prime Minister Guidance on Asset Management Guidance 2005– www.info4local.gov.uk.
- The Council's Capital Programme 2005/06 to 2008/09.