

Leicester  
City Council

WARDS AFFECTED  
ALL

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:  
CABINE**

**21 JUNE 2004**

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## **ADDITIONAL PROPERTY RESOURCES AUTHORISATION OF EXPENDITURE**

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### **Report of the Corporate Director of Resources Access & Diversity**

#### **1. Purpose of Report**

To seek approval to the release and expenditure of the additional resources for premises as approved in the budget.

#### **2. Summary**

- 2.1 As part of this years budget Members approved additional resources for premises of £10million as a lump sum and an additional £1.5million per annum for the Central Maintenance Fund. Departments are being consulted on the proposed three-year spending programme for the additional resources. In putting the programme together it has obviously been necessary to seek to strike a balance between spending which is necessary in order to facilitate the Property Efficiency Review, with spending in order to improve the data on the asset base, which will enable more effective use and prioritisation of resources on maintenance, spending directly on maintenance works, and also taking into consideration funding from the DfES which is given to the Local Education Authority directly as well as funding which is devolved to the schools.
- 2.2 Options specifically with regard to spending on schools need to be addressed, drawing on a combination of new CMF funds and LEA/DfES funding. Consultation is in train on the principle of match funding the new CMF money with funding provided by DfES to the Council in order to address priorities in relation to backlog of condition needs, and strategic suitability improvements. To achieve any of these options will require a re-visiting of the priorities in the current Education AMP as agreed by the Schools Forum and the DfES, and will have a significant impact.

- 2.3 Any changes need to engage the school community through the Schools Forum, especially given the impact on the remainder of the Schools capital programme. Consultation with the Schools Forum is being undertaken. The results of this consultation and the options will be circulated as an addendum to this report in advance of the meeting. The proposed deployment of non-school resources will also be in the Addendum, in the light of the Departmental consultation.
- 2.4 In order to make the best use of the resources, firm priorities for 2004/05 are proposed, with an indicative three-year programme. The programme will be firmed up in the next few months as data improves and expenditure can be better targeted.

### 3. Recommendations

Cabinet are therefore asked to: --

- Approve the proposed indicative three-year spending programme as set out in the Addendum (to follow).
- Approve the proposed maintenance programme for 2004/5 in this Addendum.
- Delegate authority to the Corporate Director Resources Access and Diversity, in consultation with the Cabinet Link for Property, to agree to any significant variations in the spending profile.
- Agree the proposed initial pilot programme of Property Health Surveys and estimated expenditure and release of £200,000.
- Indicate which of the options, in relation to combining new CMF funds and LEA/DfES funding for schools is to be implemented.
- Approve use of/part of the additional resources for premises to facilitate the Property Efficiency Review.

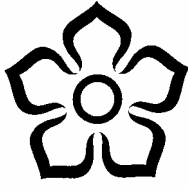
### 4. Financial and legal Implications

### 5. Officer to contact:

**Lynn Cave**  
**Service Director – Property**  
**Extn 5000**

### DECISION STATUS

<b>Key Decision</b>	<b>No</b>
<b>Reason</b>	<b>N/A</b>
<b>Appeared in Forward Plan</b>	<b>No</b>
<b>Executive or Council Decision</b>	<b>Executive (Cabinet)</b>



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## **ADDITIONAL PROPERTY RESOURCES AUTHORISATION OF EXPENDITURE**

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**Report of the Corporate Director of Resources Access & Diversity**

### **SUPPORTING INFORMATION**

#### **1. Report**

As part of this years budget Members approved additional resources for premises of £10million as a lump sum and an additional £1.5million per annum for the Central Maintenance Fund. This report addresses options and seeks approval to the expenditure and release of this funding.

#### **2. Background**

Members will recall earlier in the year as part of the budget process the need for additional resources for premises was identified for the following main reasons were:

- Property maintenance, to address condition backlog and additional legislative demands (health and safety and disabled access).
- Property-related data and monitoring, to ensure that resources are targeted where most needed and applied to best effect.
- Rationalisation of accommodation to make the optimum use of operational premises, maximising disposal receipts and optimising costs of occupation.

#### **3. Maintenance**

The backlog can only be broadly assessed, since until we progress with the Property Health Surveys (i.e. surveys are undertaken in order to assess the current condition of the portfolio) data is not available in sufficient detail (see paragraph 4 Data and Monitoring below). However, currently the backlog is judged to be in the order of £93m, including circa £10.7million in priority 1. see Appendix 1. The regime of Asset

Management Planning determined by both the Office of the Deputy Prime Minister (ODPM) and the Department for Education and Skills (DfES) requires an assessment of maintenance backlog by priority, thus defining the maintenance condition of the council's property. Priorities are ranked from 1 to 4, ranging from essential works to long term desirable works.

### **Spend to Save**

Spending on planned preventative maintenance reduces future expenditure by:

- Increasing the asset life
- Sustaining asset value
- Reducing reactive / repair works
- Keeping within legislation eg Health & Safety
- Minimising asset closure and hence maximising income/usage

To demonstrate the above philosophy the following examples are given of preventative (planned) maintenance that reduce future repair costs and potentially action being taken against the Council:

### **Ceilings**

With the implementation of a planned programme of survey and ceiling replacement, the ceiling plaster collapse at Caldecote School may well have been averted. Thus the Council might have been able to avoid the injuries to the occupiers, closure of the property, expensive repair works and the current insurance claim for injury.

### **Windows**

If a planned preventative maintenance regime for windows (e.g. regular painting etc) is not carried out, this can lead to a considerable reduced asset life and eventually either expensive repair or replacement. For instance, a number of properties have required expensive window frames repairs, which generally equate to at least ten times the cost of the painting, purely because of the non-existence of a planned painting programme.

### **Roofs**

Leaks to roofs are one of the main causes of property closure. Disruption and associated excessive expensive costs are incurred because of an inadequate planned / preventative programme. As an example, at Abington School, the Gym floor had to be replaced due to the consequential damage from water ingress following a roof leak.

### **Boilers**

These are expensive items of equipment, which by virtue of their nature require a robust planned preventative maintenance programme to enable their function to be sustained and achieve the longest useable life possible. Lack of planned / preventative maintenance decreases their life, e.g. the boilers at Evington Pool are now in need of replacement after only achieving a 50% asset life due to inadequate preventative maintenance.

#### **4. Data and Monitoring**

Current data levels are inadequate for analysing priorities, targeting resources and monitoring the effectiveness of expenditure, particularly with more specialist H&S requirements. Current surveying costs are only some £160,000 a year. It is proposed to undertake a one-off exercise to establish a clear baseline, with data and monitoring maintained by an enhanced permanent level of surveying.

Drawings or information about the location of services do not exist for many of the Council's operational buildings. Modern surveying involves several specialist areas and detailed H&S requirements. We now need to gather data and monitor in these areas:

- Asbestos
- Water hygiene
- Electricity
- Ceilings
- General building/services
- Drawings

Given this very substantial initial work is needed to establish the baseline, key steps in improving knowledge of our properties include:

- Undertaking pilot Property Health Surveys in 2 stages. Stage 1 – Marlborough House is being used as the stage 1 pilot for the surveys and work on this is substantially complete.
- Undertaking the stage 2 pilot surveys of approx.10 - 15 buildings of various types, after consultation with Service Departments and approval of the stage 1 pilot by them.
- Prioritise all properties taking into account (BSF) Building Schools for the Future and (CMF) Central Maintenance Funding programme.
- Obtain Cabinet approval to the full programme of surveys.
- Complete the property Health Survey.
- Commence monitoring / update surveys on rolling five-year programme.

## 5. Basis of the Proposed Programme

### Phase I: -

- **Maintenance Programme 2004/05:**
  - This is being formulated in consultation with service departments, and is based upon existing knowledge of the buildings to identify the immediate priorities from both known condition data and service delivery requirements.
  
- **Property Health Survey programme 2004 – 06:**
  - RAD - Property Services is establishing with service departments a 2 ½ year phased programme of condition surveys to improve our data in terms of building fabric and services therein and enable effective prioritisation, focusing of resources and production of longer-term programmes of planned works and planned preventive maintenance regimes.
  - There are a significant number of properties, which require assessing, and they will be addressed on a priority basis. The priorities are being established on the basis of both service need and to facilitate the Efficiency Review of the property portfolio.
  - The data once collected will be analysed, and used in the assessment of future priorities. Property Services is currently consulting Service Departments on a model for prioritisation of the CMF planned works based on condition balanced against suitability, service needs and retention / development proposals. This will give greater transparency to the process and will it is hoped lead to increased customer understanding, satisfaction and efficiency in service delivery.
  - The estimated cost of the property health (condition) assessment programme is £2.75 m, although we are looking at ways of reducing this figure by for example decreasing the number of buildings for which drawings are produced. A more accurate figure will be submitted to Cabinet in November following:
    - Completion of the pilot stage 1 and 2.
    - Departments have identified/justified their need for drawings for their properties.
    - At this time we seek approval to expend £200,000 as follows: -
      - Pilot stage 1 and 2      **£200,000**

**Phase II: -**

- **Maintenance Programme 2005 / 6:**
  - Based on Property Health Surveys completed by end of 2004 a further report will be submitted summarising the proposed programme of work for 2005/6.

**Phase III: -**

- **Maintenance Programme. . April 2006 onwards**
  - Following completion / validation of all the data collection, a further report will be submitted summarising the programme of work for 2006/07 and provide details of the proposed way forward from 2007 onwards.

**Proposed Maintenance Programme 2004/05:**

As outlined above the programme for 2004/05 is being formulated in consultation with service departments, and is based upon existing knowledge of the buildings. The key identified areas for spend are set out below and an Addendum will be circulated before the meeting with a proposed spending profile across these areas.

- 1. Annual Service Contracts**
- 2. Boiler Replacement Programme**
- 3. Window Replacement Programme**
- 4. Ceiling Replacement Programme**
- 5. External Decoration Programme**
- 6. Lift Replacement Programme**
- 7. Electrical Rewiring Programme**
- 8. Re-roofing Programme**

## 6. Funding Sources

In order to address the maintenance issues facing the authority, it is vital that we look at all the corporate resources of the council, which are available to deal with condition problems in order to consider the potential for linking the funding to maximise resources available.

The current funding available to deal specifically with maintaining the condition of the Council's property assets is set out below: --

Central maintenance fund revenue	£6.2 million per annum
Schools Buyback	£866,841
Education Capital Funding - part of -	£6.3 million 04/05
	£4.89 million 05/06

### Education Capital Funding

There are three main sources of funding:

- City Council - Minor Works of 200,000
- DfES to the LEA – various funding categories of £6,122,103
- DfES to Schools – directly allocated funding of £3,976,600

A sum of £1 million was originally identified in the Education AMP for a one-off injection of additional resources for the Council's landlord function (CMF).

Resources have previously been committed to key condition issues such as glass and glazing (£1 million) and health and safety measures. Modernisation projects also lead to a reduction in maintenance costs in many cases.

However:

- The City Council's allocation from the DfES has been reduced by £0.7 million from last year
- There is a need to fund the BSF first phase at a cost of £0.3 million.
- The City Council's allocation from the DfES will reduce even more significantly next year – by a further £2.6 million.

Consultation with colleagues in Education and Life Long Learning and with Heads is in train and options will be circulated before the meeting in an Addendum.



## **7. Property Efficiency Review**

A major review of the council's property portfolio is currently taking place. It is concentrating on two main areas: -

1. The Centrally Located Administration Buildings (CLABs) review
2. Area and service reviews

The overall purpose of the reviews is to optimise the use of the council's operational property with each review having specific aims.

### **The CLABs Review**

The aims of this review are:

- To ensure accommodation is seen as a corporate resource and not something under the separate 'ownership' of Departments
- To assess the optimum (operational, environmental and financial) location for each function (city centre or otherwise)
- To allocate each building its own space standard and occupying Departments would be penalised for not meeting it after a defined period
- To accelerate moves to open plan offices, wherever possible (with appropriate furniture, meeting rooms and social break out areas)
- To maximise other methods of reducing space requirements (e.g. hot - desking and homeworking)
- To manage meeting rooms in an integrated, corporate way ensuring they are not seen as being "owned" by any one department

Work is well underway on this review and it is intended that proposals will be brought forward in September for consideration by Cabinet.

### **Area and Service reviews**

The aims of this review are: -

- To optimise utilisation of assets in terms of service benefits and financial return
- To optimise the contribution of our assets to improving service delivery
- To improve customer access by providing integrated service delivery points
- To provide integrated letting arrangements which are corporately managed
- To reduce overall operational costs
- To exploit the potential of e-government
- To rationalise and improve the retained Operational portfolio

The review is underway and started with a Day Centre review, which is ongoing. A review of offices has also now begun.

The integration of service delivery and making the optimum use of property is a key driver of this review. Not only will this improve service delivery but enable the delivery of services to be from fewer but better properties with lower maintenance and other running costs.

### **Funding the Implementation of the Outcomes of the Reviews**

It is proposed that £1 million of the £10 million additional resources for premises is used to facilitate a significant sum from the review, rationalisation of premises and other outcomes of the review. This may involve furniture purchase, removal costs, repairs, refurbishments / improvements or new build. It may also result in surplus property being identified which could be sold, and part of these receipts could then be put back into maintenance, it is however, too early for us to be in a position to identify how realistic this is.

## FINANCIAL, LEGAL AND OTHER IMPLICATIONS

### **1. Financial Implications**

In order to address the maintenance issues facing the authority, it is vital that we look at all the corporate resources of the council, which are available to deal with condition problems in order to consider the potential for linking the funding to maximise resources available.

The current funding available is set out below: --

Central maintenance fund revenue	£6.2 per annum
Schools Buyback	£866,841
Education Capital Funding - part of -	£6.3 million 04/05
	£4.89 million 05/06

The implications of expenditure options will be included in the Addendum.

### **2. Legal Implications**

The Council has obligations under Health & Safety and Disability Legislation, which the proper deployment of Property resources can help to address.

### **5. Consultations**

Adrian Paterson - Service Director Policy and Resources Education and Lifelong Learning Department

Schools Forum

Strategic Resources Group

### **6. Officer to contact:**

**Lynn Cave**  
**Service Director – Property**  
**Extn 5000**

## APPENDIX 1

### CURRENT MAINTENANCE BACKLOG POSITION

<b>Property type</b>	<b>PRIORITY 1 £</b>	<b>PRIORITY 2 £</b>	<b>PRIORITY 3 £</b>	<b>PRIORITY 4 £</b>	<b>TOTAL £</b>
Education (Schools)	703,575	17,933,352	10,244,430	4,419,000	33,300,357
All other property (non housing)	9,995,641	23,218,800	11,793,704	15,262,913	60,271,057
<b>TOTAL</b>	<b>10,699,216</b>	<b>41,152,152</b>	<b>22,038,134</b>	<b>19,681,913</b>	<b>93,571,414</b>