

Report to the Cabinet

Report reference: C-049-2009/10
Date of meeting: 16 November 2009



Portfolio: Performance Management

Subject: Civic Offices and Other Operational Buildings and Commercial Property – Planned Maintenance programmes 2010/11 to 2013/14.

Responsible Officers: Mike Tipping (01992 564280).
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Recommendations/Decisions Required:

- (1) That the progress with works approved for 2009/10 both capital and revenue, be noted.
- (2) That the Cabinet decides the level of Capital bids to be made for essential and planned maintenance works at the Civic Offices and other Operational Buildings and Commercial property for the years 2010/11 to 2013/14;
- (3) That the Cabinet notes the Revenue District Development Fund (DDF) position for the years 2010/11 to 2013/14 and that no additional funding is required over and above that already allocated.

Executive Summary:

This report gives a comprehensive progress report on all planned maintenance items approved for 2009/10, makes capital bids for projects for the years 2010/11 to 2013/14 and sets out the DDF for 2010/11 to 2013/14.

Reasons for Proposed Decision:

A proactive approach to facilities management for all operational buildings and commercial property will ensure that:

- (a) the buildings and their infrastructure will be maintained to an appropriate level meeting health and safety, statutory regulations and contractual obligations;
- (b) the buildings and their infrastructure will be brought to a standard to comply with EU statutory regulations;
- (c) the risk of unreliability and failure of critical systems, services and building fabric is reduced;
- (d) good financial management through forecasting is maintained; and
- (e) performance standards/indicators are maintained or improved upon.

Other Options for Action:

(i) Do nothing. This would lead to deterioration of building fabric and systems which could result in risk to health and safety of staff and public, loss of service and income, increase future management liability, reduced property asset value, breach of legal obligations in respect of commercial leases and contract requirements. There is also a risk that the buildings and infrastructure may not meet future needs of the Council.

(ii) Defer action until fabric, systems or equipment fails. This would cause varying degrees of disruption depending on the extent of failure and/or system involved and the time scale for procurement and rectification of the defect. This option would also lead to a request(s) for supplementary finance at the time and have a negative effect on performance standards. The performance of the Council's operations and functions may be compromised.

Report:

1. At the Council's request a report is submitted to Cabinet each year showing the status of planned and preventative maintenance in relation to the Civic Offices complex combined with the other Operational Buildings and Commercial Properties. The revised format and priority rating system agreed last year has been used in the compilation of this latest report.

2. A number of new matters reflected in the report and schedules are worthy of particular mention by way of more detailed explanation.

Capital Projects

3. Accountancy guidelines require that staff costs associated with capital projects be included in the overall project costs for each scheme. Whilst in practise this has happened in previous years, the staffing cost element has not been included in the estimate figures presented to Members.

4. The capital projects included in appendices 2 and 3 include for the first time the relevant staff costs. However it should be noted that the staff cost elements are already included in the continuing services budget and are simply re-allocated from the CSB to the capital project cost. They do not constitute additional expenditure.

Buildings - Structure and Fabric

5. The Council has previously approved a Five-Year Planned Maintenance Programme for the period 2007-12. This approval is in line with the Audit Commission's recommendations and the Council's Asset Management Plan 2007-12. The programme, based on a condition survey carried out by a firm of consultant surveyors, is necessary to implement the Council's on going asset maintenance commitments, and maintain the condition ratings which are now included as local indicators in the Asset Management Plan and which have previously been reviewed by the Finance and Performance Management Scrutiny Panel. An estimated cost for conducting a condition survey and compiling a new Five-Year Planned Maintenance Programme for the period 2012/18 has been identified in the DDF programme for 2011/12.

6. Continuing Service Budget provision in the sum of £118,000 already exists and this has been taken into account in calculating the DDF requirements set out in Appendices 2 and 3.

7. The Planned Maintenance Programme provides a structured way of ensuring that the Council's property assets are properly maintained and improved to meet Health and Safety requirements, statutory regulations, contractual obligations, customer demands and the long term protection of the authority's assets. This is highlighted in the 2012/13 budget for the replacement of asbestos cement sheet roofs at Oakwood Hill Industrial Estate where failure would cause financial

losses to the Council. Where possible, opportunities are taken to achieve improvements within the confines of the available budget when undertaking the Planned Maintenance Programme.

8. The Council has contractual obligations to undertake all necessary external and structural maintenance works to the four leisure centres managed by Sports Leisure Management Ltd. This, and future programmes, includes the commitments as set out in the terms of the leisure management contract. Contractual commitments also apply to commercial premises i.e. industrial estates, shops and other commercial lettings where the Council has external and structural responsibilities.

Civic Offices – Electrical, Mechanical and other services/systems

9. The report provides a 5-year projected cost plan based on a risk and priority rating that takes into account the age of existing systems, the anticipated design life, obsolescence and availability of spare parts, and new regulations which affect some of the existing systems.

Energy Efficiency and Carbon Reductions

10. Over the past few years the EU has introduced a number of Statutory requirements to improve energy efficiency and reduce carbon emissions.

11. The Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007 require that public buildings of a certain size must have and display publically a “Display Energy Certificate” (DEC) showing the energy efficiency of the building. DEC’s use a rating system from A (0-25) to G (over 150) with A being the most efficient and G being the least efficient and are similar in appearance to the system used for domestic white goods. These certificates are renewable annually can only be issued by a government registered Inspector following a survey of the premises.

12. In addition to the DEC each building must have an Advisory Report which sets out recommendations for improving the energy efficiency of the building. These reports are valid for a period of seven years and must be produced within 7 days if required by an enforcement authority specified within the regulations.

13. Every property issued with a DEC certificate is issued with a unique reference number which is held on a central government database.

14. The Civic Offices has received a G rating, the least efficient, on its current DEC. However the Surveyor did state that once completed, the planned projects to replace the existing windows with double glazed units and provide a new heating system in the Conder building should improve the rating. A typical rating for a building of this size would be D (76-100).

15. As a result of the G rating and the recommendations in the advisory report a number of measures are being proposed to reduce electricity consumption and improve the efficiency rating of the complex over and above the two schemes already approved. These are:

(a) instead of replacing the electric night storage heaters in the rear extension on a new for old basis the replacement heating (wet system) in the Conder building will be extended to include the rear extension;

(b) the installation of new cladding with high grade insulation to the panels below the windows in the Conder building; and

(c) existing electric water heaters in the toilets in the Conder building and rear extension to be replaced by hot water supplied via the heating system.

16. These additional works will mean increased capital project costs estimated at £130,000. The original estimates were based on keeping the project costs as low as possible and accepting a balance between cost and efficiency/energy saving.

17. However it is estimated that there will be an ongoing annual saving in energy costs of around £20,000 minimum as a result of implementing these measures. As energy costs will almost certainly rise rather than fall in the foreseeable future the ongoing savings could well be more.

18. The total estimated cost of replacing the windows in the Conder Building and the heating systems in the Conder building and rear extension will be £360,000. The rate of return on that investment through the anticipated annual saving of £20,000 amounts to 6%.

19. The interest rate if the £360,000 were invested as part of a larger amount of £1,000,000 over a one year period would be 1.8%. If the £360,000 were invested on its own the interest rate would be considerably less at around 0.8%.

20. The Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007 allow for the energy used in Data Suites to be deducted from the calculations used for determining the DEC rating. At present it is not possible to separate out this consumption.

21. To achieve this separation requires the installation of two smart check meters, on the electricity supplies to Computer suites 1 and 2. An amount of £4000 is included in the DDF budget in Appendix 2 for this project.

22. Whilst at present there is no statutory requirement to implement the recommendations in the advisory report or seek to improve the energy efficiency of buildings with a DEC certificate, it would be inconsistent with the Council's Climate Change strategy and its position as a community leader in the drive to increase energy efficiency and reduce carbon emissions not to lead by example and improve the energy efficiency of its headquarters building.

23. In addition the Council at its meeting on 3 November 2009 adopted a motion to sign up to the 10:10 campaign which calls for 10% greenhouse gas emission reductions by the end of 2010. As part of the same motion the Council has resolved to seek to cut its emissions by 10% in 2010 and to encourage other individuals, businesses and organisations to do likewise.

24. Another EU regulation, the "F" gas regulation, requires that all ozone depleting gases originally installed in air conditioning units are replaced by 2015. These regulations became law on the 4 July 2006. It is widely predicted by the technical professional bodies that the compliance date will be brought forward to 2012 but this has yet to be confirmed. Year 1 of a 3 year replacement programme is being carried out during 2009/10 with further provision included in the programme for 2010/11.

25. Seven of the schemes included in appendix 2 for which funding is requested or has already been allocated will contribute towards reducing energy consumption and carbon emissions.

General

26. The attached detailed schedule is divided into three sections as follows:

(a) progress of works for 2009/10 for both capital and revenue items at Appendix 1;

(b) capital and revenue projects for 2010/11 with priority ratings where appropriate at Appendix 2; and

- (c) A forecast of likely projects for the years 2011/12 to 2013/14 at Appendix 3.
27. The priority ratings used in appendices 2 and 3 are as follows:
- (a) P1(A) are those items:
- that have Health and Safety implications;
 - that are required by statute to be carried out or where the Council has a legal obligation to maintain.
 - that will cause significant disruption to operations if failure occurs; and
 - where major repairs are urgently required.
- (b) P1(B) are those items where there are similar implications as category P1(A), excluding statutory or Health and safety requirements, but where deterioration or age are not as far advanced
- (c) P1(C) are those items where implications of a failure will not be as severe.
- (d) P2 are those items where it is prudent, desirable and cost effective to include in a structured preventative maintenance programme. The objective of any planned preventative maintenance programme is to replace ageing and obsolescent systems before they suffer from critical failure, which in the long run can be more cost effective and provide better service delivery, than reacting to those failures.
28. Although Priority 1 items have been sub categorised as described above, Cabinet should bear in mind that if any of the Priority 1 works are not funded and a breakdown or failure occurs this is likely to result in a report(s) seeking supplementary estimates at the time and will delay repairs/replacements whilst Cabinet and Council's approval is sought.

Resource Implications:

Bid for capital funding as follows:

	2009/10 Revised £000	2010/11 Estimate £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000	5 Year Total £000
New Bids P1(A) Bid	0	324	42	281	11	658
New Bids P1(B)	0	94	0	52	0	146
New Bids P1(C)	0	0	0	0	0	0
Total P1	0	418	42	333	11	804
New Bids P2	0	84	242	0	0	326
Total Capital Bids (P1 & P2)	0	502	284	333	11	1,130
Current Budget	304	487	80	0	0	871
Total Budget Proposed	304	989	364	333	11	2,001

Note:

The current budget above includes Civic Office Works, the two leisure schemes, the HRA scheme and the upgrade of the Industrial Units. Since the Capital Review was prepared £15,000 has been carried forward from 2009/10 to 2010/11 re Waltham Abbey swimming pool roof.

Bid for DDF revenue funding as follows:

	Revised 2009/10 £000	Estimate 2010/11 £000	Estimate 2011/12 £000	Estimate 2012/13 £000	Estimate 2013/14 £000	5 Year Total £000
Planned Maintenance Programme	207	265	200	137	125	938
Existing CSB Budget	118	118	118	118	118	590
Additional Funding Required	89	147	82	19	7	348
Existing Allocated DDF Budget	156	112	92	0	0	360
Plus C/F	0	67	32	42	23	0
Total DDF Budget		179	124	42	23	0
Net DDF Funding	(67)	(32)	(42)	(23)	(16)	(16)

Note:

The DDF bids for 2012 – 2014 only include the electrical and mechanical maintenance at the Civic Offices. The bids for the other Operational Buildings and Commercial properties, including the maintenance of the fabric of the Civic Offices is subject to the next condition survey and 5 year planned maintenance programme scheduled for completion during 2011/12.

Legal and Governance Implications:

None.

Safer, Cleaner and Greener Implications:

A number of the included projects have energy reduction/carbon emissions reduction implications as a result of improving installations, installing more modern energy efficient plant and equipment and an alternative source of generation.

Consultation Undertaken:

There has been no external consultation undertaken in respect of this report.

Background Papers:

None.

Impact Assessments:

Regular planned and preventative maintenance helps to reduce the risk of interruptions to the Council's day to day operations from critical and partial systems failure, assists with financial planning and reduces the need to seek supplementary finance outside of the budgetary process.

No equality issues are raised by this report.