

## **Report to the Cabinet**

**Report reference:** C-049-2010/11  
**Date of meeting:** 31 January 2011



**Portfolio:** Performance Management

**Subject:** Civic Offices, Other Operational Buildings and Commercial Property – Planned Maintenance programmes 2011/12 to 2014/15.

**Responsible Officers:** Mike Tipping (01992 564280).  
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**Democratic Services Officer:** Gary Woodhall (01992 564470).

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### **Recommendations/Decisions Required:**

- (1) That the progress with works approved for 2010/11 both capital and revenue, be noted (Appendix 1 refers);
- (2) That the Cabinet decides the level of Capital and Revenue expenditure to be implemented in 2011/12 for essential and planned maintenance works at the Civic Offices and other Operational Buildings and Commercial property (Appendix 2 refers);
- (3) That the Cabinet decides the level of bids to be made for essential and planned maintenance works at the Civic Offices and other Operational Buildings and Commercial property for the years 2012/13 to 2014/15 (Appendix 3 refers);
- (4) That the Cabinet notes the Capital and Revenue spending profiles for essential and planned maintenance works at the Civic Offices, other Operational Buildings and Commercial property for the 5 year period 2010/11 to 2014/15 (Appendices 4 and 5 refers); and
- (5) That the already approved Capital project for 2011/12 in the budget sum of £208,000 for the provision of Solar Energy Panels at the Civic Offices be removed from the Planned Maintenance Programme and be included as a separate item within the capital programme and be the subject of a separate report at a future date.

### **Executive Summary:**

This report:

- (a) Gives a comprehensive progress report on all planned maintenance items approved for 2010/11.
- (b) Sets out the already approved capital and revenue expenditure for 2011/12 to enable Cabinet to review their previous decisions on the level of spending to be implemented:
- (c) Makes capital bids of £27,000 and £11,000 for projects for the years 2011/12 to 2014/15 and

(d) Sets out the spending profiles both Capital and Revenue for the 5 years 2010/11 to 2014/15.

#### **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. Depending on the nature of the failure it could also lead to damage to other parts of the building fabric or services. 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 format previously agreed has been used in the compilation of this latest report. Following a request by Cabinet members the previously used priority rating system has been changed and all projects are now classified into one of seven different categories. These are explained in more detail in paragraph 28 below.

2. In addition a spending profile for both capital and revenue expenditure for the 5 year period 2010/11 to 2014/15 has been provided so that Cabinet can see the level of investment that has already been made and that which is proposed.

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

#### Capital Projects

4. The figures included for proposed projects from 2011/12 onwards are budget prices

estimated by the professional staff in the Facilities Management Section. Where appropriate all projects will be subject to competitive quotation or tender.

5. The estimated costs shown are made up of two elements; a) the estimated construction cost (materials and equipment and external labour and consultancy) and b) the estimated staff costs (the cost of internal staff time allocated to the job).

6. 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.

7. The capital projects included for the years 2011/12, 2012/13, 2013/14, and 2014/15, include an estimated allowance for internal staff costs. However it should be noted that the staff cost elements are already included in the continuing services budget (salaries budget) and are simply re-allocated from the CSB to the capital project cost. They do not constitute additional expenditure.

#### Buildings - Structure and Fabric

8. 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 is allocated to the DDF programme for 2011/12.

9. The property condition categories are Good; Satisfactory; Poor and Bad. The performance outturn for 2009/10 showed that 28% of operational property is maintained to a good standard and 72% to a satisfactory standard. No buildings were categorised as poor or bad.

10. To maintain those standards and indeed the value of the assets requires regular ongoing investment. The current level of investment is aimed at maintaining the current percentage ratings for categories good and satisfactory. To improve the percentage of properties in the good category would require additional investment but, and perhaps, more importantly a reduction in investment over current levels would have a negative impact on the current standards and could see the ratings for individual properties do down.

11. 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 the appendices.

12. 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 and value of the authority's assets.

13. 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

14. 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

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

16. 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 and can only be issued by a government registered Inspector following a survey of the premises.

17. 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.

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

19. The Civic Offices in 2009 received a G rating, the least efficient. Following closer monitoring and management of the energy usage and adjustments allowed under the regulations, the DEC for 2010 has improved to an E rating and was just 4 points short of achieving a D rating which is the typical rating for this size of building. 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.

20. A D rating should be achieved on the next review as a result of the completion of the new heating system in the Conder Building and Rear extension and the installation of new windows in the Conder Building.

21. 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.

22. 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 up to 10% in 2010 and to encourage other individuals, businesses and organisations to do likewise.

23. Better management of energy within various operational buildings (excluding leisure centres and swimming pools) has achieved a 4.1% reduction in carbon emissions during 2010/11.

24. The 4.1% reduction does not take account of the recently completed works to the Conder Building at the Civic Offices to install a new heating system and new windows and insulating cladding. The additional savings both financial and carbon emissions will not be fully known until

several months of energy bills and consumption figures have been analysed.

25. A separate report by the Safer and Greener; Planning and Economic Development; Performance Management Portfolio holder, will be considered by the Cabinet at the same meeting as this report. In that report it is being recommended that £15,000 of Area Based Grant intended for climate change related issues be allocated in 2011/12 to enhance the roof space insulation of the Conder Building and for the installation of additional Smart Meters in association with an efficient energy management protocol. This proposed expenditure is in addition to the proposed programme of works set out in appendix 2.

### General

26. The attached detailed schedules comprise the following:

- (a) Appendix 1 – Progress report on works during 2010/11.
- (b) Appendix 2 – The approved expenditure for 2011/12 both capital and revenue.
- (c) Appendix 3 – Bids for new capital provision for 2011/12 to 2014/15
- (d) Appendices 4 and 5 – Spending profiles for capital and revenue expenditure for the 5 year period 2010/11 to 2014/15.

27. When reviewing appendix 1 members will note that approximately 50% of the allocated projects for 2010/11 have been completed. This is because the resources of the Facilities Management Section were prioritised on completing the new heating system and windows contracts for the Condor building in the relatively short time frame over the Spring and Summer periods.

28. At members request the priority ratings previously used for schemes have been replaced by seven categories as follows:

- (1) Health & Safety and Legislative Implications;
- (2) Essential Work – Major repairs to Fabric and Building Services that may result in a loss of service provision or loss of income;
- (3) Works Commenced as part of a programme on a phased basis;
- (4) Investment in Carbon Reduction and/or Renewable Energy;
- (5) Desirable Work – Repairs to fabric and building services;
- (6) Repair Work to expensive – Cheaper to sell Asset and Rent back; and
- (7) HRA – excluding Shop Environment Improvements transferred to General Fund from 31 March 2011.

29. Members also asked for consideration to be given to moving to an 8 year programme rather than the current 5 year programme. Whilst this can be done it would not be consistent with normal practice. A 5 year period is considered to be the optimum for forecasting deterioration to building fabric and services and would appear to be the recognised industry standard. Beyond 5 years the forecasting becomes less accurate and therefore of less value.

30. The programme of environmental enhancement schemes around Council owned shopping areas has up to now been funded from the Housing Revenue Account. However Cabinet is reminded that the Council has decided that because these shops are of a more commercial nature and provide a service that is not exclusively for council tenants that it would be more appropriate for these premises to be included as part of the General Fund. The transfer will take place on 31 March 2011.

31. The Cabinet has previously approved capital expenditure during 2011/12 in the sum of £208,000 for the installation of solar energy panels on the roof of part of the Civic Offices complex as an initiative under its climate change strategy. However as this project is not strictly a maintenance issue it has been removed from the planned maintenance programme and will appear in future as a separate capital scheme within the capital programme and will be the subject of a separate report at a future date.

32. The Council has made a decision to close Langston Road Depot and redevelop the site. However the vacation of the site is not likely to occur another eighteen months to two years and during that period it will be necessary to continue to carry out essential maintenance and other works that have health and safety or major security implications. Expenditure will however be kept to the minimum necessary.

33. A number of projects will see a return on the investment in the long run by contributing towards savings on energy consumption or reduced maintenance costs. Whilst at this stage it is impossible to quantify those savings the schemes in question have been highlighted with an asterisk (\*) in the status column of appendices 2 and 3.

34. The DDF bids for 2011/12 – 2014/15 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.

35. A new five year condition survey of operational buildings and commercial properties will be commissioned and produced during 2011/12 for implementation from 2012/13. The results of the condition survey, which clearly are not yet known, will determine the extent of the planned maintenance programmes for future years and the recommended levels of investment to maintain the condition and value of the Council's assets.

#### Resource Implications:

Bid for capital funding as follows:

	2010/11 Revised £000	2011/12 Estimate £000	2012/13 Estimate £000	2013/14 Estimate £000	2014/15 Estimate £000	5 Year Total £000
New Bids	0	27	0	0	11	38
<b>Total Capital Bids</b>	0	27	0	0	11	38
Approved Budget	903	565	527	172	121	2,288
Total Budget Proposed	903	592	527	172	132	2,326

Bid for DDF revenue funding as follows:

	Revised 2010/11 £000	Estimate 2011/12 £000	Estimate 2012/13 £000	Estimate 2013/14 £000	Estimate 2014/15 £000	5 Year Total £000
Planned Maintenance Programme	255	199	137	125	128	844
Existing CSB Budget	118	118	118	118	118	590
Existing HRA Budget	0	8	0	0	0	8
Additional Funding Required	137	73	19	7	10	246
Current DDF Approved Budget	175	82	19	7	0	283
Additional DDF Requirement	-38	-9	0	0	10	-37

**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, equipment, controls and alternative sources of generation.

**Consultation Undertaken:**

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

**Background Papers:**

None.

**Impact Assessments:**

**Risk Management**

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.

**Equality and Diversity**

Equality and Diversity issues are raised by this report and all have a positive outcome.

Related Items:

1. The new sound system installed in the Council Chamber has the provision for sound enhancement for people who are partially hearing impaired. This is due to be further enhanced in order to provide 360 degree coverage within the Council Chamber.
2. The planned refurbishment of the two lifts will have DDA compliant features for people who are partially hearing impaired and/or blind / partially sighted.
3. All existing 'disabled access' toilets will be provided with DDA disabled persons call alarm systems.

*Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties; reveal any potentially adverse equality implications?* No

*Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?* - -N/A

*What equality implications were identified through the Equality Impact Assessment process?*  
N/A.

*How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?*  
N/A.