

**AGENDA MANAGEMENT SHEET**

**Name of Committee** Resources, Performance and Development  
**Overview and Scrutiny Committee**

**Date of Committee** 25th. July 2006

**Report Title** Property Condition: Maintenance Backlog

**Summary** This report draws attention to the current condition of the Council's property stock to enable planned maintenance work to be costed, prioritised and planned, and recommends additional investment.

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**Would the recommended decision be contrary to the Budget and Policy Framework?** No.

**Background papers** None

**CONSULTATION ALREADY UNDERTAKEN:-** Details to be specified

- Other Committees  .....
- Local Member(s)  .....
- Other Elected Members  Councillor D.Booth: Suggested adjustments incorporated  
 Councillor G.Atkinson:  
 Councillor R.D.Hicks:
- Cabinet Member  Councillor A.J.L.Cockburn (for reference)
- Chief Executive  .....
- Legal  via Barry Jukes: Observations incorporated
- Finance  via Charles Holden: Observations incorporated
- Other Chief Officers  .....
- District Councils  .....
- Health Authority  .....

Police  .....

Other Bodies/Individuals  .....

**FINAL DECISION NO**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by this Committee  .....

To Council  .....

To Cabinet  .....

To an O & S Committee  .....

To an Area Committee  .....

Further Consultation  .....

# Property Condition: Maintenance Backlog

## Executive Summary

The report draws attention to the current condition of the Council's property to enable planned maintenance work to be costed, prioritised and planned, and recommends additional investment.

The surveys accord with DfES requirements. The grades used in the report are summarised in Appendix A.

The report comprises:

- Summary of the Council's Property Portfolio (Section 3)
- Results of the latest Condition Surveys (Section 4)
- Analysis of the latest Condition Survey Data (Section 5)  
This indicates:  
The total backlog is fairly constant at c£130m.

Current annual investment is not reducing the maintenance backlog

Lack of revenue funding hinders the reduction of the maintenance backlog, and can accelerate deterioration.

If all properties were to be brought to a serviceable state of repair, the minimum required over a 5-year period equates to £22.75m.

- Work Priority Programme, primarily for schools (Section 6)

## Agenda No

# Resources, Performance and Development Overview and Scrutiny Committee - 25th. July 2006.

## Property Condition: Maintenance Backlog

### Report of the Head of Resources

#### Recommendation

That

- (1) the contents of this report be reviewed,
- (2) consideration be given to a continuous annual increase to the Revenue and Capital Planned Maintenance Investment to address the condition issues and to prevent further deterioration of the Warwickshire County Council property stock, and
- (3) an appropriate recommendation be made to the Cabinet.

#### 1. Introduction

- 1.1 This report has been drafted to draw attention to the current condition of the Warwickshire County Council (WCC) property stock. Establishing the condition of the properties is necessary to enable the planned maintenance work to be costed, prioritised and planned.
- 1.2 All surveys are carried out in accordance with DfES requirements. A description of the condition grades and priorities used, along with particular WCC site specific examples are given in Appendix A.

#### 2. Background

- 2.1 As part of the Asset Management Plan (AMP) process, property condition surveys were commissioned through an external consultant in 2002/3. Their aim was to identify the works necessary to bring the WCC property stock up to a serviceable state of repair. The surveys have been continuously improved, managed and updated internally by the Property Support Group (formerly Property Services Department – Construction Services) since this date.
- 2.2 Condition data was downloaded to meet the DfES requirements in 2002 and 2003 and rigorously audited/approved by them. More recently Condition data was again downloaded in 2005 and also approved by the DfES

**NOTE:** *Specialist surveys such as Asbestos and Water Risk Assessment are subject to bespoke reports based on alternative criteria and the remedial costs identified by these specialist surveys are not necessarily included in the Condition Surveys.*

### 3. WCC Property Portfolio

3.1 The current managed property portfolio is made up of Schools, Non Schools and Smallholdings, as follows:

**Table 1** Property Portfolio

<b>Group</b>	<b>No. of Properties</b>	<b>Total Floor Area m2</b>
<b>Schools</b>	270	654,100
<b>Non Schools</b>	265	216,000
<b>Smallholdings</b>	70	96,000
<b>Grand Total</b>	<b>605</b>	<b>966,100</b>

For further detail regarding the make up or the groups shown in **Table 1**, see Appendix B.

### 4. Results of 2006/07 Condition Surveys

4.1 The following tables give a summary of the costs broken down in a number of ways:

**Table 2:** 2006/07 Total (Capital and Revenue) Condition Survey Maintenance Backlog by Condition/Priority

**Table 3:** 5 Year Trend of Total (Capital and Revenue) Condition Survey Backlog Costs by Year

**Table 4:** 2006/07 Total Condition Survey Maintenance Backlog Split by Capital and Revenue

**Table 5:** 2006/07 Capital and Revenue Maintenance Funding Allocation

Table 2

Condition Survey Data as @ 11<sup>th</sup> April 2006

## 2006/07 Total (Capital and Revenue) Condition Survey Maintenance Backlog by Condition/ Priority

*NOTE: The costs reported to DfES request inclusion of fees (5% preliminaries, 5% contingencies & 10% professional fees, compounded to 21%)*

<b>Condition D (Bad)</b>										
<b>Maintenance Cost £'m – excluding fees</b>										
Priority	Schools					Non Schools			Smallholdings	All
	Community	Voluntary Aided	Foundation	Vacant	Total	Non Schools	Vacant	Total	Total	Grand Total
1 – Urgent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 - Essential	8.31	0.73	0.58	0.13	9.75	5.38	0.19	5.57	1.67	16.99
3 - Desirable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Totals</b>	<b>8.31</b>	<b>0.73</b>	<b>0.58</b>	<b>0.13</b>	<b>9.75</b>	<b>5.38</b>	<b>0.19</b>	<b>5.57</b>	<b>1.67</b>	<b>16.99</b>

<b>Condition C (Poor) – excluding fees</b>										
<b>Maintenance Cost £'m – excluding fees</b>										
Priority	Schools					Non Schools			Smallholdings	All
	Community	Voluntary Aided	Foundation	Vacant	Total	Non Schools	Vacant	Total	Total	Grand Total
1 – Urgent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 - Essential	32.75	7.29	3.87	0.78	44.69	6.71	0.01	6.72	0.61	52.02
3 - Desirable	15.84	3.35	2.67	0.29	22.15	7.90	0.04	7.94	0.11	30.20
<b>Totals</b>	<b>48.59</b>	<b>10.64</b>	<b>6.54</b>	<b>1.07</b>	<b>66.84</b>	<b>14.61</b>	<b>0.05</b>	<b>14.66</b>	<b>0.72</b>	<b>82.22</b>

<b>Condition B (Satisfactory)</b>										
<b>Maintenance Cost £'m – excluding fees</b>										
Priority	Schools					Non Schools			Smallholdings	All
	Community	Voluntary Aided	Foundation	Vacant	Total	Non Schools	Vacant	Total	Total	Grand Total
1 – Urgent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 - Essential	9.88	1.25	1.04	0.28	12.45	0.31	0.00	0.31	0.80	13.56
3 - Desirable	9.52	1.53	1.12	0.28	12.45	2.10	0.00	2.10	0.78	15.33
<b>Totals</b>	<b>19.40</b>	<b>2.78</b>	<b>2.16</b>	<b>0.56</b>	<b>24.90</b>	<b>2.41</b>	<b>0.00</b>	<b>2.41</b>	<b>1.58</b>	<b>28.89</b>
<b>Grand Totals</b>	<b>76.30</b>	<b>14.15</b>	<b>9.28</b>	<b>1.76</b>	<b>101.49</b>	<b>22.40</b>	<b>0.24</b>	<b>22.64</b>	<b>3.97</b>	<b>128.10</b>

**Table 3**

**5 Year Trend of Total (Capital and Revenue) Condition Survey  
Maintenance Backlog Costs by Year**

Condition Survey Year	Total Cost £'m – excluding fees				Remarks
	Schools	Non Schools	Smallholdings	Total	
2002/3	107.14	21.43	0.00	128.57	Smallholdings not yet surveyed
2003/4	110.58	22.86	0.00	133.44	School re-survey audits commenced
2004/5	104.79	23.09	3.07	130.95	60% Smallholdings surveyed
2005/6	105.37	23.26	4.06	132.69	Smallholdings completed
2006/7	101.49	22.64	3.97	128.10	95% schools now re-surveyed

**NOTE:** The costs above include the construction inflation increases applied annually derived from the Building Cost Information Service (BCIS).

**Table 4**

**2006/07 Total Condition Survey Maintenance Backlog Split by  
Capital and Revenue**

	Total Cost £'m – excluding fees		
	Capital	Revenue	Total
<b>Schools</b>	64.20	37.29	101.49
<b>Non Schools</b>	12.14	10.50	22.64
<b>Smallholdings</b>	1.92	2.05	3.97
<b>Grand Total</b>	<b>78.26</b>	<b>49.84</b>	<b>128.10</b>

**Table 5**

**2006/07 Capital and Revenue Maintenance Funding Allocation**

	Capital (£'m)	Revenue (£'m)
<b>Schools</b>	<b>2.25</b>	<b>2.30 *</b>
<b>Non Schools</b>	<b>0.75</b>	<b>2.50 **</b>
<b>Smallholdings</b>	<b>Budget held by Rural &amp; Recreation</b>	
<b>Grand Total</b>	<b>3.00</b>	<b>4.80</b>

## NOTES

- \* *The Revenue budget received for schools is funding that is originally delegated to the schools, but received back through the WES Property Indemnity Scheme. This funding is purely for reactive 'day to day' repairs and engineering service contracts.*
  
- \*\* *The Revenue budget received is non-delegated structural maintenance. The funding is used for reactive day-to-day repairs, engineering service contracts and planned maintenance.*

## 5. Analysis of 2006/07 Condition Survey Data

- 5.1 In order to get the complete picture of the Condition Survey data for 2006/07 it is necessary to look at the costs for previous years.
- 5.2 As can be seen from **Table 3**, the total backlog of maintenance is fairly constant at around £130m.
- 5.3 From this it is clear that the current level of investment shown in **Table 5**, which has been indicative of previous years is not reducing the maintenance backlog, but only keeping pace with the annual BCIS inflation increases applied. Also maintenance needs continually accumulate over time and require a constant level of investment just to maintain the status quo.
- 5.4 The slight fluctuations 'year on year' are as a result of works carried out and the proactive and continuous update activities sought from all stakeholders.
- 5.5 It can be seen from **Table 2** that over the next two years £16.99m is required for Condition D/Priority 2 (Bad) works and a further £52.02m for Condition C Priority 2 (Poor) works.
- 5.6 The work in Condition C/Priority 2 (Poor) will gradually fall into Condition D/Priority 2 (Bad), compounding these works 'year on year'.
- 5.7 Lack of revenue funding also hinders the reduction of the total maintenance backlog and in some cases accelerates the deterioration. For example, external decoration is revenue work and only very limited funds are received, hence the deterioration in decoration can lead to a future capital burden.
- 5.8 If all of the properties were brought to a serviceable state of repair, the absolute minimum Planned Maintenance works required would be for internal/external decoration over a 5 year cyclical period, at current costs this equates to £22.75m (£13.3m internal & £9.45m external).
- 5.9 The analysis of data includes the maintenance backlog for properties where the future plans/aspirations may include rationalisation incorporating disposal or re-builds. Dependant on the outcome of any future plans/aspirations the maintenance backlog will obviously reduce slightly. All properties with any future plans are reviewed prior to any planned maintenance expenditure.
- 5.10 Because of the current budget constraints, it has been essential to manage as efficiently and effectively as possible the condition related works. In order to meet this requirement, the Property Support Group has developed a Work Priority Programme.



## **6. Work Priority Programme**

- 6.1 A methodology, primarily for schools, is applied to all condition defect records to enable the effective management of condition works. The system uses condition survey data and applies weightings to relevant key factors, which are then sorted to give an overall order of priority of works for the relevant Capital or Revenue budget heading. The result is a 'fluid' league table of priority works over a 3 year rolling programme.
- 6.2 From the provisional budgets projected for future years, schools will be able to determine where they feature in the Property Group planned overall maintenance programme. This will inevitably change from time to time as projects are completed and other work is prioritised.

## **7. Recommendation**

- 7.1 It is recommended that the contents of this report are reviewed and consideration is given to a continuous annual increase to the Revenue and Capital Planned Maintenance Investment to address the Condition issues and to prevent further deterioration of the Warwickshire County Council property stock, and that appropriate recommendation be made to the Cabinet.
- 7.2 A guaranteed increase to the annual investment set-out over a number of years will provide the following benefits:
- Enable efficient and effective planning by both the facilitator and the end-user. Better planning will result in overall cost savings and a transparent positive working relationship with all property stakeholders.
  - Create possible cost savings by enabling completion of projects in their entirety, as opposed to carrying out minimal works at multiple sites in an attempt to keep all properties functioning. This will save on repetitive site setup costs and disruption to the end-users.

**DAVID CLARKE**  
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3<sup>rd</sup> July 2006

### DfES Guidelines (Source: Section 3 Condition Assessment document)

#### Condition grading

**Grade A** – Good, performing as intended and operating efficiently

**Grade B** – Satisfactory, performing as intended but exhibiting minor deterioration

**Grade C** – Poor, exhibiting major defects and/or not operating as intended

**Grade D** – Bad, life expired and/or serious risk of imminent failure

#### Priority grading

**Priority 1** – Urgent work that will prevent the immediate closure of premises and/or address an immediate high risk to the health and safety of occupants and/or remedy a serious breach of legislation

**Priority 2** – Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of the occupants and/or remedy a less serious breach of legislation

**Priority 3** – Desirable work required within three to five years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or remedy a minor breach of legislation

**Priority 4** – Long term work required outside the five year planning period that will prevent deterioration of the fabric or services

#### WCC Examples of Specific Condition D, Priority 2 Items

**Example 1** – Flat Roof, extensive problems, cannot be maintained effectively

1137	Alderman Smith School	Block 1	Flat roof & lantern lights to single storey section – Numerous internal leaks.
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**Example 2** – Heating Boiler, permanent failure probable

4005	Alcester Grammar School	Block 3	Oil fired Beeston Robin Hood Major heating boiler – c.1963 reaching end of economic working life.
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**Example 3** – Electrical Wiring, tests confirm probable failure

1137 Alderman Smith School    Block 4    Control gear, wiring, lighting all near end of working life.

**WCC Condition Survey Property Portfolio**

<b>Group</b>	<b>Property Type</b>	<b>No. of Properties</b>	<b>Total Floor Area m2</b>
Schools	Community Schools	199	490,300
	Voluntary Aided Schools	50	101,200
	Foundation Schools	15	55,200
	Vacant	6	7,400
	<b>Total Schools</b>	<b>270</b>	<b>654,100</b>
Non Schools	Business Units	9	13,800
	Centres – Community, Education, Social	40	25,300
	Country Parks	10	2,400
	Fire Stations	19	12,700
	Gypsy Caravan Site	1	12,400
	Homes for Elderly People	10	14,500
	Highways Depots	6	8,300
	Houses – Fireman, Caretaker, Group Homes	36	5,800
	Libraries	28	17,900
	Museums	3	3,300
	Surplus to Requirement	4	1,500
	Swimming Pools	2	800
	Gypsy Caravan Site	1	12,400
	Vacant	2	2,200
	Waste Facilities	5	1,600
	WCC Offices	74	77,400
	Youth Centres	15	3,700
	<b>Total Non Schools</b>	<b>265</b>	<b>216,000</b>
	Smallholdings	Farms/Cottages	70
	<b>Grand Totals</b>	<b>605</b>	<b>966,100</b>