

Executive

4 December 2007

Report of the Corporate Landlord

Reducing the Maintenance Backlog

Summary

- 1 This report sets out a strategy for using the limited revenue and capital resources available to deal with the substantial repair and maintenance backlog of the council's corporate land, buildings and highways by basing decisions on future investment on the need and viability of the asset.
- 2 Members are asked to
 - Note the contents of the report
 - Approve the 10 year Repair and Maintenance Strategy summarised in the report and detailed at Annex 1
 - Agree the proposed performance indicators contained in the strategy
 - Consider the appropriate level of annual revenue and capital repair and maintenance budgets to ensure the objectives and priorities set out in the Repair and Maintenance strategy are achieved.

Background

- 3 Annex 2 sets out the current levels of outstanding repair and maintenance for the main service areas within the council. Although these have reduced slightly from the levels of a few years ago they are still very high.
- 4 The main reason for this is that repair revenue budgets are limited and often only sufficient to deal with urgent repairs on a needs basis rather than an overall co-ordinated and planned programme.
- 5 In recent years, following the production of Corporate and Service Asset Management Plans, Capital budgets have been allocated to deal with this issue. Examples of these include
 - Decent homes/modernisation funds
 - LTP Structural Maintenance
 - Funding to replace/modernise schools

- Council's Capital Programme – over £1.5m to address repairs and accessibility
- 6 These capital funds have been allocated by an audit of condition, consultation with service managers and expenditure on those assets which are needed to continue to deliver the service. However there has been no overall structured approach across the Council.
- 7 With limited revenue and capital funds the Council has nevertheless been active in seeking to reduce the outstanding repair backlog by adopting a variety of approaches in addition to the ongoing repair and maintenance programmes. Annex 3 details a selection of the major projects that have been undertaken in recent years, are being done currently and that which is planned for the future. These can be grouped as follows (with a few examples of each)

Externally funded projects

- The provision of new schools through the PFI project
- The Housing Modernisation Programme
- The major schemes at York High School, Manor School and Joseph Rowntree School

Re-provision of services/accommodation in self-funded new buildings

- The Administrative Accommodation Project replacing the existing portfolio with a new Council Headquarters at Hungate.
- The swimming pools programme for replacement and refurbishment of facilities
- New starter business units replacing unsuitable existing facility at Parkside

Rationalisation of buildings as a result of Service Asset Management Planning

- The sale of De Grey House and Rooms
- Future sale of Yearsley Bridge and Huntington Road Day Centres
- Disposal of Hebden Rise Day Centre

Other

- Transfer of assets to community groups etc. on full repairing leases
- Ensuring commercial and other tenants comply with repairing terms in leases

- 7 There is now a need to develop a strategy which provides overarching principles to deal with all council land and property assets which can then be applied to service and corporate revenue and capital budgets to ensure Best Value is obtained.

Why is a Repair and Maintenance Strategy Needed?

- 8
- To assist the council in delivering its corporate priorities – e.g. improve the condition appearance of streets and buildings, quality of affordable homes, and deliver efficiencies.
 - To meet CPA requirements.
 - To reduce Corporate Risks
 - prevent unsustainable spending
 - reduce backlog
 - reduce risk of service failure
 - improve image and reputation
 - To assist services in delivering their priorities from buildings and land which are fit for purpose, accessible to the users, present the right image for the service and receive high customer satisfaction.
 - To ensure legal requirements are met
 - Health and safety of staff and customers
 - Accessibility
 - Legionella, Asbestos Legislation
 - Occupiers Liability Act
 - To ensure land and property owned and used by the council
 - is 'fit for purpose'
 - has its assets 'life' protected
 - enables more efficient use by the service
 - increases customer satisfaction/reduces complaints

Consultation

- 9 In developing this strategy it was decided to include all council land and assets
- Corporate land and buildings
 - Commercial portfolio
 - Highways
 - Schools
 - Housing

in the strategy. Whilst acknowledging that the application may be different for each service it was agreed that the basic overarching principles were the same.

- 10 Therefore development of the strategy took place in the Corporate Asset Management Group where all service and finance services are represented. The resultant strategy reflects the input given by CAMG Members and shows how the objectives and principles are applied in each area.

- 11 Annex 3 contains details of the main projects which include an element of repair and maintenance or will have an effect on the backlog by selling or refurbishing the asset. They are split between projects which have happened in the recent past, those currently underway and potential projects for the future which are known now. It can be seen therefore that the need to deal with this important item has been considered and acted on and features in the future programme, recognising that alternatives have had to be considered as budgets are limited. The outcome of these projects is shown in the PI's which have been reported and will have some impact on future PI results but please see comments in paragraph 25 for other impacts on these PI results.

Options and Analysis

12 Option A – Adopt a Formal Repair and Maintenance Strategy

Annex 1 contains the proposed 10 year Repair and Maintenance Strategy which covers all council land and property assets – including Highways and Housing. The strategy contains all the principles referred to in this report and sets out the objectives, aims and priorities at a corporate and service level.

- 13 The corporate objective of the strategy is that in carrying out repairs and maintenance all land and property will be in a fit for purpose state within 10 years.

- 14 The corporate aims and priorities are details in the strategy document and can be summarised as follows:

RM1 To reduce the repair and maintenance backlog.

RM2 To vacate and dispose of those assets which are expensive to maintain and operate and are not fit for purpose.

RM3 To spend revenue and capital on repair and maintenance only on identified retained properties.

RM4 To have a fully funded repair and maintenance programme.

RM5 To increase the planned/reactive maintenance split to 70/30.

RM6 To ensure Best Value principles are followed in any repair and maintenance expenditure.

RM7 To minimise the council's 'exposure' to asbestos, legionella and other hazardous material.

RM8 To ensure all work carried out results in the Council's land and buildings being left in a sustainable condition

15 Advantages

By having a corporate strategy the council will have

- An overarching set of principles and priorities to benchmark all future repair and maintenance expenditure

- A better understanding of the level and nature of the repair backlog and the priority areas
- Confidence that limited revenue and capital budgets are being used to achieve a Best Value return
- The challenge to reduce the number of property assets occupied, especially focusing on the expensive and unfit for purpose, which can be monitored by the Corporate Landlord

Disadvantages

None

16 Option B – Not to adopt a Corporate Repair and Maintenance Strategy

By not adopting this formal strategy the current situation will continue where there are some corporate, mainly capital – budgets which the Corporate Landlord can direct to the areas of identified need but the service repair budgets will remain in the control of the services with the risk the expenditure will not reflect the overall council need and priorities.

17 Advantages

None

Disadvantages

- Lack of co-ordination of limited budgets so Best Value and return will not be achieved
- Possible waste of expenditure on assets which may be disposed of in the near future as a result of service and area reviews
- Fragmented knowledge of the backlog of maintenance and use of repair budgets
- Failure to comply with a CPA requirement for level 3 judgement (see para 17)

Corporate Priorities

18 The Comprehensive Performance Assessment makes reference to this topic. In the Use of Resources section a Key Line of Enquiry (KLOE) to achieve a level 3 states 'Members are aware of the level of backlog maintenance and have approved a plan to address it as appropriate'.

19 The council's Corporate Asset Management Plan also has a Property Output – PO3 to 'develop and implement a Repair and Maintenance Strategy for all council land and property assets'.

20 In addition the following elements of the Corporate Strategy relate to this topic.

Directional Statement

We will seek to place environmental sustainability at the heart of everything we do

Priorities

Improve the actual and perceived condition and appearance of the city's streets, housing estates and publicly accessible places.

Improve the quality and availability of decent affordable homes in the city.

Values

Providing strong leadership

Encouraging improvement in everything we do

Implications

21 Financial

Whilst there are no immediate financial implications in adopting this strategy it will mean in the future that all revenue and capital budgets relating to repair and maintenance will be reviewed and there will probably be growth bids made in future years to reduce the backlog.

22 Human Resources, Equalities, Legal, Crime and Disorder, Information Technology

None

23 Property

The implications are contained in this report.

24 Risk Management

The risks are detailed in this report. By adopting a Corporate Repair and Maintenance Strategy there is a reduction in the risk of –

- Waste of limited revenue and capital repair budgets
- Properties having asbestos, legionella or other hazardous risks which are not being managed properly

25 Although the table in Annex 3 shows that there are a number of present and future projects which will have a significant impact on the maintenance backlog total it should be noted that the net total which will be assessed at the end of each year will still be higher than the simple subtraction of the amount spent from the current backlog figure as:-

- The rolling 5 year programme of condition surveys will provide up to date information on the condition of the assets which will detail new elements of repair needed
- Although the current annual level of spend on repair and maintenance is around £3.6M, when compared to the overall backlog figure of over £36M

and the new elements of repair identified by the surveys, it is clear that this level of spend is insufficient to properly deal with reducing the backlog figure, at best spending at this level in the future will result in a 'standstill' position, even after the other actions contained in the strategy, such as rationalising the number of buildings, are taken into account.

- 26 There is an urgent need therefore to increase the level of annual spend, both revenue and capital, on repair and maintenance otherwise there is a high risk that the objectives and priorities of the Repair and Maintenance Strategy will not be achieved. The amount of increase will need to be assessed on an ongoing basis by the Corporate Asset Management Group and will result in capital and revenue bids in the annual budget rounds.

Recommendation

- 27 Members are asked to consider

Recommendation 1

approving the 10 year Corporate Repair and Maintenance Strategy with performance indicators detailed at Annex 1.

Reason

So that a co-ordinated approach to dealing with a backlog of maintenance and future repair and maintenance is followed which is based on need and viability of the assets.

Recommendation 2

the appropriate level of annual revenue and capital repair and maintenance budgets to ensure the objectives and priorities set out in the Repair and Maintenance strategy are achieved.

Reason

To ensure the strategy is effective and achievable within the 10 year timescale. Failure to deal with this will mean the repair and maintenance programme will not be fully funded (Priority RM4) and the backlog figure will not reduce (RM1) for the reasons set out in paragraph 24

Contact Details

Author: Philip Callow
Head of Asset & Property Management
Tel: 01904 553360

Chief Officer responsible for the report:
Neil Hindhaugh
Assistant Director of Property Services

Specialist Implications Officer(s)

Financial Tom Wilkinson

Wards Affected:

All

For further information please contact the author of the report

Background Papers

Corporate Asset Management Plan 2007-2012

Annexes

Annex 1 Repair and Maintenance Strategy 2007-2017

Annex 2 Performance Indicator 1 – Repair and Maintenance Backlog

Annex 3 Selection of projects with repair element