

 Executive – 18 April 2012		Agenda Item No. 6
Title	Service Transformation Reserve Bid– Operational Property Lifetime & Condition Surveys	
For further information about this report please contact	Joseph Baconnet 01926 456011 Joseph.baconnet@warwickdc.gov.uk	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number		
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality & Sustainability Impact Assessment Undertaken	No
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Officer/Councillor Approval		
Officer Approval	Date	Name
Deputy Chief Executive		Bill Hunt
Head of Service		Tracy Darke
CMT		Chris Elliott, Andrew Jones, Bill Hunt
Section 151 Officer		Mike Snow
Monitoring Officer	4 th April 2012	Andy Jones
Finance		Jenny Clayton
Portfolio Holder(s)		Cllr Norman Vincett, Cllr John Hammon, Cllr Mrs Gallagher, Cllr Mobbs, Cllr Shilton
Consultation & Community Engagement		
n/a		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1 This report seeks approval for the utilisation of the Service Transformation Reserve to fund a full condition and lifetime assessment survey of Warwick District Council's operational buildings.

2. RECOMMENDATIONS

- 2.1 That Executive approves an allocation of £70,000 from the Service Transformation Reserve to allow the commission of a full condition survey and life time assessment of operational assets of the authority.
- 2.2 That Executive delegates authority to the Economic Development & Regeneration Manager and the Head of Housing and Property Services, in consultation with the Portfolio Holders for Housing and Property, Development Services, Cultural Services and Finance, to procure an appropriate survey.

3. REASONS FOR THE RECOMMENDATION

- 3.1 The Fit for the Future (FFF) report, elsewhere on the Executive's agenda, highlights the potential call on the Service Transformation Reserve (STR) to enable the FFF programme to be delivered and its outcomes and financial savings to be realised. This report is the first of a series of business cases that will be presented to Executive seeking approval to draw down funding from the STR.
- 3.2 A full lifetime assessment and condition survey of the operational assets of the local authority will allow officers and members to identify the financial implications for the medium to long term future of all required operational assets. Various funding sources can then be considered and built into the appropriate strategies and projections and allow a longer term investment strategy to be developed and allow for a five year maintenance plan of the Council's corporate operational assets to be drawn up by Housing and Property Services. The survey will also inform local plan responses (and bids for resources) relating to community & operational assets in relation to the future shape of the District. The Royal Institute of Chartered Surveyors (RICS) considers that land & buildings are probably the slowest of all the strategic resources (Finance, People, ICT and Land & Buildings) to respond to change. Therefore, they require the authority to take a longer time horizon in their planning.
- 3.3 This work is also required to support the development of the Local Plan and allow service areas to adequately plan and make decisions on where they want to service future customer demand from. Priority in undertaking the assessment will need to be given to Cultural Services' operational assets as they in particular will be impacted by the changes in demographics and population distribution arising from the new local plan to 2026. This work will also align with the audit of indoor sports facilities which will commence in May 2012. The indoor sports facilities review will inform what our likely sports provision need is given known trends and the increase in population and usage arising from the new local plan.

3.4 The survey will enable the Council to:

- understand the amount of economic life left in each operational asset it owns and operates;
- understand its immediate repair and maintenance liabilities for each operational building;
- understand the predicted future maintenance costs of keeping those assets in optimum operational condition;
- determine the anticipated remaining life of operational assets and whether this can be extended economically;
- understand which assets will fall due for replacement and when;
- understand which improvements (eg: LED lighting/insulation) will deliver the most significant and lasting financial return;
- assist in helping services prioritise which buildings and operational assets are mission critical to delivering the authority's vision;
- provide the information needed to develop a 15 – 20 year investment plan for operational assets;
- develop a five year maintenance plan that takes into account building needs, service and financial priorities;
- profile the anticipated yearly expenditure of the five year operational asset maintenance plan to take into account required spikes in maintenance;
- create a closer integration between service delivery, asset management and property maintenance;
- understand rebuild costs for insurance purposes;
- inform the development of a robust Corporate Asset Management Plan for operational buildings;
- inform the Council as to its future needs for developer contributions such as Community Infrastructure Levy (CIL) and Section 106s (S106) to sustain its operational properties to deliver effective services; &
- Establish a baseline for the measurement of costs of running the assets (separate survey needed for this) and allow benchmarking with comparable properties outside of the authority (e.g. comparing swimming pools with swimming pools).

3.5 The proposed costs of £70,000 to commission this survey are based on the average costs incurred by the Housing and Property Service in completing the stock condition survey for Housing Revenue Account dwellings.

3.6 The survey will be procured in full compliance with the Council's Code of Procurement Practice and will either utilise a framework or a tender process.

4. **POLICY FRAMEWORK**

4.1 This work will ensure that the operational asset base will help to deliver the authority's vision of

"Warwick District: a great place to live, work and visit"

4.2 The Council's Strategic Asset Management Principles state that we will manage the property portfolio to:

- Ensure assets are used effectively
- Maximize income and minimise costs across the operational property portfolio.

- 4.3 The Financial Strategy underpins the authority's vision and Fit for the Future Programme, one of its Capital Priorities being,
- Maintaining, and where possible enhancing, the condition of the Council's existing assets so as to reduce future maintenance liabilities and to encourage their effective use.
- 4.4 Cultural Services Service Plan
To provide a range of quality facilities.

5. BUDGETARY FRAMEWORK

- 5.1 The full condition and lifetime assessment is critical to the medium and long term financial planning of the authority as it will inform how much on-going expenditure for each building is needed and when significant expenditure is expected. It will also reduce the risks associated with the age of the operational estate, and has the potential to identify future long term savings from an improved maintenance programme.
- 5.2 The stock condition survey will be procured in consultation with the Procurement Manager and advice will be sought on the most appropriate procurement route whether through competitive tender or using an existing framework agreement.
- 5.3 Subject to the Executive approving the recommendations in respect of the STR and Spend to Save Reserves in the Fit for the Future Report, also on this agenda, there will be a balance of £662,000 in the STR. It is recommended that up to a maximum of £70,000 of this be allocated to carryout this survey, leaving a balance of £592,000.

6. ALTERNATIVE OPTION(S) CONSIDERED

- 6.1 To not carry out a full condition and lifetime survey of property: This is considered high risk as the authority will not have planned for the replacement of operational assets, potentially wasted money on repairs and maintenance, or not factored in reduced lifetime operating costs as part of holistic decision making on the future of assets.
- 6.2 A reduced level of survey could be carried out in-house however this is not recommended as a General Building Maintenance Survey will not provide the extended level of data needed to support the strategic asset management approach the Council wishes to adopt.

7. BACKGROUND

- 7.1 Members will recall that the Council has previously procured an asset feasibility study in relation to a limited number of its assets in Leamington. A full report on the outcome of that study, undertaken by EC Harris, will be presented to the May Executive.
- 7.2 The full stock condition and lifetime assessment survey is fundamentally different to that study which focussed on the financial viability and a market assessment of certain assets, to enable consideration of potential future alternative uses. It did not consider the structural integrity or lifespan of buildings.

7.3 The operational assets that would be included within this survey are:-

Priority List:

- Newbold Comyn Leisure Centre;
- St Nicholas Park Leisure Centre;
- Castle Farm Recreation Centre;
- Abbey Fields Swimming Pool;
- Royal Spa Centre;
- Royal Pump Rooms;
- Jephson Gardens Lodges, Aviary, Restaurant and Glasshouse;
- Edmondscote Athletics Track & Pavilion;
- Victoria Park Bowls Pavilion and Cricket & Tennis Pavilion.
- Leamington Town Hall;
- Oakley Wood Crematorium;
- Chapels at Cemeteries;
- Multi Storey Car Parks –St Peters MS, Linen Street MS, Covent Garden MS;
- Public Conveniences
- Spencers Yard
- Althorpe Enterprise Hub
- Jubilee House
- United Reform Church
- Pageant House, Warwick; &
- Sports changing rooms and pavilions