

Education, Children & Families Committee

10am, Tuesday, 4 March 2014

Children and Families Revenue Asset Management Priorities 2014-2019

Item number	7.8
Report number	
Wards	All

Links

Coalition pledges	P3, P30
Council outcomes	CO5, CO19, CO24, C025
Single Outcome Agreement	SO3, SO4

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Executive summary

Children and Families Revenue Asset Management Priorities 2014-2019

Summary

The Education, Children and Families Committee of 10 December 2013 noted the proposed £30m programme of capital investment in the Children and Families estate over the next five years and approved the prioritisation criteria applied in determining that programme. The report also advised that a significant revenue investment of £29.1m over the next five years had been identified from the condition surveys and noted that a proposed supporting revenue priority strategy would be submitted in March 2014 which is the purpose of this report.

The current revenue budget for repairs and maintenance to the Council's corporate estate is set. It operates at around £6.7m annually and includes £2.5m specifically identified to meet statutory compliance objectives.

The remaining £4.2m is a fixed allocation to meet reactive repairs and maintenance requirements across the city and, due to limitation, is currently part-prioritised on an emergency first basis, i.e., health and safety, wind and watertight issues.

As the budget is used annually for day-to-day maintenance, Corporate Property will, to the extent possible, prioritise revenue related works to complement any prioritised capital works in the Children and Families Asset Management investment programme to maximise impact and to put in place progress towards a planned preventative maintenance (PPM) system based on:

- Revenue Priority 1: wind and watertight and health and safety.
- Revenue Priority 2: ensuring category "C" buildings are improved beyond that category.
- Revenue Priority 3: ensuring category "B" buildings remain within that category.

It is noted that, given the limited revenue budget available, this will have limited impact on the level of revenue investment required across the Children and Families estate.

Recommendations

It is recommended that Committee:-

1. Notes the previously approved prioritisation strategy for a £31.56m programme of capital investment in the Children and Families estate over the next five years.

2. Notes the annual Council-wide £6.7m revenue budget for statutory compliance and day-to-day reactive repairs, including immediate health and safety emergencies and that this budget is spent annual for this purpose.
3. Notes the additional £29.1m of revenue works identified as being necessary over the next five years in the Children and Families estate and that the annual reactive maintenance budget will have little impact on these required works.
4. Approves the revenue strategy and priorities as outlined in the report and that these will be delivered to the extent possible.
5. Notes that unforeseen issues may emerge over the term of the programme, particularly periods of severe weather, which would require the reprioritisation and programming of revenue works.
6. Refers this report to the Finance and Resources Committee for consideration.
7. Notes that a report on capital investment strategy and priorities will be produced for Committee on 20 May 2014.

Measures of success

The objective of having all Children and Families establishments categorised as “A” or “B” within five years.

No loss of service due to building failure.

Financial impact

Annual revenue expenditure will be contained within the approved annual Corporate Property, Facilities Management budget.

Equalities impact

There are no negative Equalities implications arising from this report.

Sustainability impact

There are positive impacts on carbon, adaptation to climate change and sustainable development arising directly from this report, in terms of the changes brought about in these buildings as a result of this investment and the way it is implemented.

Consultation and engagement

In conjunction with Children and Families it is proposed to agree, specify and procure a planned preventative maintenance system for prioritised properties across the estate. Further engagement will be required with the individual establishments included in the programme to agree the timing of individual proposals to ensure minimum disruption to the services.

Background reading / external references

- Scottish Government guidance: The Condition Core Fact: Building Our Future: Scotland's School Estate.
- Education, Children and Families Committee 10 December 2013 - Children and Families Capital Asset Management Programme Priorities 2014 – 2019.

Children and Families Revenue Asset Management Priorities 2014-2019

1. Background

- 1.1 The purpose of this report is to seek Committee approval of a recommended strategy of revenue prioritisation across the Children and Families estate in support of the capital asset management programme priorities 2014-2019 as considered by the Education, Children and Families Committee on 10 December 2013.
- 1.2 Committee noted a £30m capital investment programme to maintain establishments in a 'satisfactory' condition (i.e. "A" or "B" condition rating). A description of the four condition ratings is set out below:
- "A": Good – performing well and operating efficiently
 - "B": Satisfactory – performing adequately but showing minor deterioration
 - "C": Poor – showing major defects and/or not operating adequately
 - "D": Bad - economic life expired and/or risk of failure
- 1.3 Committee approved capital spend prioritisation criteria as follows:
- That establishments across the estate will be kept wind and water tight with health and safety issues addressed, thereafter;
 - Priority 1: upgrade of condition "C" establishments
 - Priority 2: upgrade of condition "B" establishments where large capital spend has been identified.
- 1.4 Committee were advised that a proposed revenue priority strategy would be submitted in March 2014 and is contained in this report.
- 1.5 The revenue budget is mainly required for reactive maintenance but, to the extent possible, has been developed from the priority recommendations contained in the condition surveys completed in 2013 and the approved capital asset management priorities 2014-2019.

2. Main report

- 2.1 A comprehensive survey of the Children and Families estate was undertaken in 2012/13. The results of the survey demonstrate that 91.6% of the Council's primary, secondary and special school estate is at least satisfactory (i.e. rated "A" or "B"), with over a quarter of schools (28.6%) rated "A" (excluding any school with committed funding for replacement).

- 2.2 The financial investment recommended within the condition survey reports equates to £90.6m (including inflation) required to address the backlog of planned maintenance over the next five years across the Children and Families estate as detailed in Appendix 1.
- 2.3 Analysis of the split between the revenue and capital works estimated that £29.1m is considered to require revenue funded repairs and £61.5m capital improvements.
- 2.4 The recommendations in the condition survey reports were reviewed to take into consideration work completed or planned since the time of the surveys which brought the total capital works identified as necessary down to £50.1m over the next five years. The programme was subsequently prioritised and realigned to reflect the assumed minimum available capital allocation of £31.56m within Asset Management funding for 2014-2019 relating to the Children and Families estate.
- 2.5 The capital prioritisation process agreed with Children and Families is that the funding available should focus on wind and watertight and health and safety and health and safety requirements across the estate which will focus on the following works to keep buildings operational:
- roofs;
 - external walls, windows and doors;
 - mechanical services; and
 - electrical services.
- 2.6 Thereafter, the following priorities would be applied:
- Priority 1: The poorest condition rated establishments (“C” and “D”)
 - Priority 2: “B” category rated establishments which require significant levels of investment in year 1 (£1m + for High Schools and £300,000+ for Primary Schools).

The Revenue Budget

- 2.8 Services for Communities, through the Corporate Facilities Management service, manage the annual revenue budget for the Council’s operational estate. This is sub-divided as follows:

Revenue Repairs Heading	Revenue Repairs Type	Annual (2013/14) £
General *	Day-to-day reactive repairs including immediate health and safety emergencies. Examples include water ingress, loose masonry, heating or lighting failures,	£3,637,840

	broken windows, blocked toilets etc.	
Planned work	Minor, non-emergency projects.	£590,830
Statutory Compliance	Mandatory checks, inspections, maintenance and certifications including gas-safe, fire safety, emergency lighting, alarms, water quality (Legionella, lead content etc), asbestos and equipment.	£2,527,275
Total		£6,755,945

* Includes the Devolved Schools Management (DSM) budget transferred from Children and Families in December 2013.

- 2.9 The annual revenue funding evidenced above is specifically intended to be for reactive maintenance and therefore, due to limitations, currently mostly prioritised on an emergency first basis, i.e., health and safety, wind and watertight.
- 2.10 The level of available funds each year has been a contributing factor to the current condition of buildings in the Children and Families estate and also across the other operational properties in the city.
- 2.11 With regard to the revenue implications identified by the condition surveys, there is an identified revenue investment required over the next five years of £29.1m, with in excess of £8m identified in year 1 and a similar sum in year 2. Revenue spend on building fabric issues is required to ensure that further pressure on the capital spend does not emerge over forthcoming years.
- 2.12 The full implications of the identified value of the revenue costs across the Children and Families estate, and its impact on the wider Council property holdings, have to be considered in the context of available, and limited, resources.

Revenue Priorities Strategy Proposal

- 2.13 As the £4.2m is a reactive maintenance budget, the overarching priority for revenue expenditure is health and safety and to ensure properties remain operational and fit for purpose. Due to the size and condition of the Council's portfolio, previous annual spend indicates that the budget is used before the end of the calendar year. The maintenance work is prioritised and addressed as and when issues arise, for example, a major storm will accelerate spend.
- 2.14 With regard to the Children and Families estate, it is clear that, as the £4.2m budget is annually utilised for day-to-day reactive repairs across the entire Council estate, it will have limited impact on the £8m identified revenue requirement for year 1 only which relates to identified requirements for planned maintenance.

- 2.15 Ideally, Corporate Property would prioritise and manage revenue works. However, as the annual budget is insignificant this is would be impractical to achieve in practice. The preferred strategy would be as detailed below:-
- Identify, plan and manage a general day-to-day reactive repairs service and budget for Children and Families properties.
 - Confirm Asset Management wind and watertight and health and safety programmes.
 - Confirm Asset Management summer works programmes.
 - Within the confines of the level of funding available, identify and programme revenue works which are aligned to any planned capital works in order to maximise impact.
 - In conjunction with Children and Families, agree, specify and procure a planned preventative maintenance (PPM) system for prioritised properties across the estate. PPM to be prioritised on:
 - Revenue Priority 1: wind and watertight and health and safety;
 - Revenue Priority 2: ensuring category “C” buildings are improved beyond the category;
 - Revenue Priority 3: ensuring category “B” buildings remain within the category.
- 2.17 In conclusion, officers in Corporate Property will scope the priority works for the revenue budget, to the extent possible, as outlined above. However, this has to be done in the context of the issues outlined in this report.

3. Recommendations

- 3.1 It is recommended that Committee:-
1. Notes the previously approved prioritisation strategy for a £31.56m programme of capital investment in the Children and Families estate over the next five years.
 2. Notes the annual Council-wide £6.7m revenue budget for statutory compliance and day-to-day reactive repairs, including immediate health and safety emergencies and that this budget is spent annually for this purpose.
 3. Notes the additional £29.1m of revenue works identified as being necessary over the next five years in the Children and Families estate and that the annual reactive maintenance budget will little impact on these required works.
 4. Notes the the revenue strategy and priorities outlined in the report and that these will be delivered to the extent possible.
 5. Notes that unforeseen issues may emerge over the term of the programme, particularly periods of severe weather, which would require the reprioritisation and programming of revenue works.
 6. Refers this report to the Finance and Resources Committee for consideration.

7. Notes that a report on capital investment strategy and priorities will be produced for Committee on 20 May 2014.

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Links

Coalition pledges	P3 - Rebuild Portobello High School and continue progress on all other planned school developments, while providing adequate investment in the fabric of all schools. P30 - Maintain a sound financial position.
Council outcomes	CO5 - Our children and young people are safe from harm or fear of harm, and do not harm others within their communities. CO19 - Attractive places and well maintained- Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm. CO24 - The Council communicates effectively internally and externally and has an excellent reputation for customer care. C025 - The Council has efficient and effective services that deliver on objectives.
Single Outcome Agreement	SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential. SO4 - Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	Appendix 1: Condition Survey Outcomes: Identified spend by property type.

APPENDIX 1:

Condition Survey Outcomes: Identified spend by property type:

It should be noted that this was the full level of spend identified in the condition surveys, amounting to £90m once adjusted for inflation over the five year period. The capital data below has subsequently been prioritised to align it with Capital budgets and a proposed revenue prioritisation strategy is contained within this report.

Revenue and Capital Split (Inflation Adjusted)

Property Type	Year 1 (Q1 2014)		Year 2 (Q1 2015)		Year 3-5 (Mid point = Q1 2017)		TOTAL Year 1-5 £000s
	Capital £000S	Revenue £000s	Capital £000S	Revenue £000s	Capital £000S	Revenue £000s	
High Schools	£6,919	£2,411	£5,496	£1,094	£4,898	£4,022	£24,839
Primary Schools	£8,053	£3,388	£16,590	£5,410	£10,580	£6,796	£50,817
Nursery Schools	£180	£273	£356	£192	£527	£318	£1,846
Community Centres	£1,722	£1,201	£2,410	£1,033	£1,243	£1,099	£8,707
Special/Residential schools*	£329	£384	£1,326	£184	£294	£371	£2,888
Residential Units	£38	£92	£0	£24	£11	£48	£212
Children & Families Centres	£182	£239	£12	£47	£45	£70	£596
Outdoor centres	£90	£107	£0	£85	£128	£243	£652
TOTAL	£17,512	£8,093	£26,190	£8,068	£17,726	£12,967	£90,557

* Special schools includes over £1m spend for Wellington Special School