

## **ASSET MANAGEMENT PLAN CAPITAL PROGRAMME 2020/21 - 2022/23**

### Report of the Deputy Chief Executive

#### **1. INTRODUCTION AND PURPOSE OF REPORT**

- 1.1 CRMG is asked to both comment on and note the progress of the 2019/20 Asset Management Plan (AMP) capital programme, that is included in this update report. The report is headed to Cabinet for consideration, outlining not only progress on 2019/20 but outlines the programme of work for inclusion in the 2020/21 financial year and the indicative programme up to 2022/23.
- 1.2 This is the current position. Following the reshaping and provision of the Estate and Asset Management of the Service, work is underway to undertake a full condition survey of major assets in more detail than has previously been undertaken. This will be reported through the relevant scrutiny committees as reports emerge and any decisions or further amendment to the AMP as described in this paper will be brought forward for decision through Cabinet.

#### **2. INFORMATION**

- 2.1 The AMP 2020/21 capital programme sets out upgrade work and improvements to operational buildings within the Council's estate. Corporate funding is approved for the Asset Management Programme as the capital financing costs of these works cannot be met from within the Single Property Budget cash limits.
- 2.2 The Asset Management Plan Capital Programme for 2019/20 and the indicative programme for 2020/21 and beyond were reported to the Cabinet at their meeting on 12 March 2019 and it was resolved that:
  - The implementation of the updated Asset Management Plan (AMP) Capital programme for 2019/20 and the financing thereof, and the Indicative AMP programme for subsequent years, as set out in the report be approved;
  - The application of corporate resources to fund the AMP programme 2019/20 to be approved; with the application of funding types (capital receipts (including total achieved from property rationalisation programme) and borrowing) being delegated to the Deputy Chief Executive in conjunction with the Estates Strategy Group;
  - The Cabinet and the Corporate, Resource Management & Governance (CRMG) Scrutiny Committee receive annual update reports on progress with implementing the AMP.
- 2.3 The school estate was assimilated into the wider portfolio in January 2019 and the School Capital Programme (SCP) now forms part of the corporate asset management plan.

- 2.4 At the Council's Cabinet meeting on 3 October 2017 it was agreed to establish a £25m SCP to assist in addressing the condition and capacity issues across the school estate. The programme is to be funded using the 2019/20 Basic Need allocation (BN) of £10.3m with the balance being funded by borrowing and carried forward capital monies. The borrowing element is to be repaid as future Schools Condition Allocations (SCA) are received. This position for the 2020/21 budget is £25.9m which includes capital maintenance grant monies which have been rephased.

### **3. PROGRESS OF 2019/20 SCHEMES**

- 3.1 Each project undergoes a value engineering process during the design stage to achieve best value and preliminary costings indicate the viable 2019/20 schemes will be completed on or under budget.
- 3.2 The previous funding requirement for the Leisure estate currently remains unchanged at £4.836m.
- 3.3 The successful delivery of the first batch of condition projects has made a good start to the SCP and further progress will be made following completion of the schemes currently on-site.
- 3.4 Fire Risk Assessments continue to identify necessary works and improvements to mitigate risks across the estate.
- 3.5 A project to renew the heating system at the Town Hall, together with a new Buildings Management System and local thermostatic controls has completed in year and is now achieving improved occupier comfort, reduced energy consumption and increased reliability.
- 3.6 Schemes to clean and repair the exterior of the Town Hall and renew the fire alarm have been deferred to 2020/21, due to the complexity of undertaking these within scheduling pressures, which has resulted in a longer lead in time being required.
- 3.7 Other projects that have successfully completed include refurbishment of redundant storage space at Bird Hall Lane to facilitate rationalisation of the operational property portfolio, releasing Torkington Lodge for development and returning one leased property to its landlord.
- 3.8 Significant works have also completed on park buildings, to address backlog maintenance. Where possible redundant buildings have been demolished to eliminate future maintenance and to reduce anti-social behaviour.

### **4. PLANNING FOR A PROGRAMME OF WORKS FOR 2020-23**

- 4.1 The 2020-23 programme of work is based on condition surveys that have been completed at this stage, informed by intelligence gathered from the Estate & Asset Management (E&AM) team, the Councils Facilities Management provider Robertson Ltd, stakeholders, supply chain partners and any newly identified requirements based on operational need and now, unlike previous programmes, includes the needs of the school estate.

## **5. SCHOOLS CAPITAL PROGRAMME**

5.1 The principles of the SCP are:

- To meet the Council's statutory duty to provide a school place for every child who requires one;
- To ensure the investment is equitable and priorities are informed by the condition surveys;
- To avoid, where possible, future costs by investing now in schools' fabric, with a drive towards the Low Carbon agenda;
- To increase the opportunity for children to be educated within their own community through the creation of additional places in pressured wards and promote choice by focussing on the hot-spots where further school places are needed;
- See best value in the deployment of the capital expenditure; and,
- Support Stockport's plan for growth.

5.2 Work has been undertaken to establish school priority schemes for roofing, electrical and mechanical works based on condition data. The schemes recommended for approval have been prioritised based on health and safety factors, contingency arrangements and prevention of any short-term school closures due to breakdown of plant.

Cabinet has already approved allocation of £9.2m of the £25.9m funding available in respect to 2020/21 school priorities.

5.3 It is clearly evident from the scope of works identified to date that the £25m funding envelope will not be sufficient and further significant investment will be required in the school estate to ensure that it is fit for purpose.

5.4 Whilst the programme is considered robust, there are restrictions with basing the programme of work around such intelligence and as such the planned condition survey work will be expanded to provide a fully informed programme of work in future years.

## **6.0 SCHOOLS HEALTH & SAFETY RESERVE**

6.1 As outlined in Section 2, repayment of the c.£14m borrowing will be made from anticipated allocations of SCA grants over a 9-year period and the £10.3m BN allocation in 2019/20 forms the balance of the funding. It is suggested that, as in previous years, a contingency amount of £0.500m is reserved in each financial year to:

- retain a health and safety reserve to address emergency works;
- support arising and emergency capacity pressures;
- commission further capital maintenance projects where need is identified as a priority.

6.2 The local authority delegates all revenue funding for repairs and maintenance to schools as part of the School Budget Share. Schools therefore retain responsibility

for all revenue repairs and maintenance and the local authority does not have revenue funding with which to assist. As in previous years, it is proposed to retain the existing principles for allocation of the health and safety reserve.

- 6.3 Where works are identified as a health and safety risk, schools remain responsible up to a value of £0.010m, above which the local authority may consider providing further assistance. Where assistance is considered to be appropriate for capital works, the school will be responsible for the first £0.010m plus 20% of the additional costs.

## **7.0 SCHOOL CONTRIBUTIONS**

- 7.1 Where works are identified as part of the SCP priorities, schools remain responsible for a contribution of £0.010m plus a percentage of the overall works costs. For schemes with a value up to £0.200m, schools are responsible for a 20% contribution and for schemes with a value between £0.200m and £1.000m schools are responsible for a contribution based on a sliding scale from 20% down to 10%. The batching of works in line with the principles of the SCP assists in reducing school contributions to 10% where the batch equates to £1.000m or more.

- 7.2 Where a school refuses to make its contribution to a scheme, the works are deferred to a later year and the school required to undertake “patch repairs” and the next priority school is then explored as there are many condition issues with similar priority levels. Where a school is in deficit budget and therefore unable to contribute, 75% of the School’s DFC is charged until the school achieves a balanced budget.

- 7.3 It is proposed to retain the current model for school contributions at this time.

## **8.0 OPERATIONAL ESTATE**

- 8.1 The full AMP programme has been updated and extended to develop the programme of works using the principles of a revised rolling programme. This three-year programme will enable more strategic and focussed planning based on priorities identified from the condition survey programme currently underway.

- 8.2 The AMP for future years on our current portfolio of estate may be currently understated due to the need for ongoing robust evidence-based condition assessments. As these emerge, we will need to engage with Service managers on the future model of delivery of specific services so that cost-effective decisions can be made based on Council priorities and available resource.

- 8.3 The proposed AMP responds to the declared Climate Emergency contributing towards delivery of the targets set out in the GM 5 Year Environmental Plan, by the undertaking of a thorough assessment prior to investment in any carbon intensive traditional systems with new lower carbon alternatives, where they meet the business case requirements for sustainable energy systems.

- 8.4 It is expected that further schemes of work will be added to support Stockport Climate Action Now (CAN) activities to tackle the Climate Emergency and support

the Active Communities Strategy. As business cases and initiatives emerge and are approved, these will be added to the AMP in the year following approvals.

## 9.0 AMP SUMMARY

9.1 At its meeting on 12 March 2019, the Cabinet agreed the 2019/20 AMP programme for implementation including funding the indicative AMP programme for 2020/21 onwards. Since then, further priority works projects including the necessity to extend the AMP to cover a three-year period have been identified and incorporated up to 2022/23.

9.2 A summary of the updated programme of costs/allocations for each year is as follows:

| <b>Building Type</b>  | <b>Forecast<br/>Outturn<br/>2019/20<br/>£000</b> | <b>Forecast<br/>2020/21<br/>£000</b> | <b>Forecast<br/>2021/22<br/>£000</b> | <b>Forecast<br/>2022/23<br/>£000</b> |
|---|--|--------------------------------------|--------------------------------------|--------------------------------------|
| Civic Complex –<br>Stopford House<br>Fred Perry<br>House<br>Town Hall | 727  | 1,489                                | 550                                  | 0                                    |
| Community   | 350  | 780                                  | 250                                  | 250                                  |
| Operational<br>Properties   | 863  | 1,804                                | 300                                  | 300                                  |
| Heritage  | 330  | 193                                  | TBA                                  | TBA                                  |
| Leisure Estate  | 600  | 4,836                                | TBA                                  | TBA                                  |
| <b>Total<br/>Operational<br/>Estate</b>                               | <b>2,870</b>                                     | <b>9,102</b>                         | <b>1,100</b>                         | <b>550</b>                           |
| Schools **  | 6,210  | 9,264                                | TBA                                  | TBA                                  |
| <b>Grand Total</b>  | <b>9,080</b>                                     | <b>18,366</b>                        | <b>1,100</b>                         | <b>550</b>                           |

\* To be assessed projects (TBA)

\*\* In 2020/21 “Funding to be allocated” is £16.643m

9.3 The AMP programme will continue to be reviewed as the estate is utilised to support projects relating to Investing in Stockport, one public estate, social care transformation, Stockport CAN, the Active Communities Strategy and the Medium-Term Financial Plan (MTFP).

9.4 The school schemes identified in the five-year plan may be subject to change as the overarching strategy for the estate is developed and as a result of operational need.

9.5 The detailed Corporate AMP is shown in Appendix A and the Schools AMP in Appendix B. The list of projects and activities may be subject to variation during the programme to respond to additional requirements or in response to urgent matters arising.

## **10.0 FUNDING THE AMP**

10.1 As in previous years, the AMP programme will rely on corporate resources being made available. That is a combination of unsupported borrowing, application of capital receipts (for example as a result of the disposal of property assets as part of the property rationalisation programme) and application of financial reserves.

10.2 The additional funding requirement for the operational estate programme for 2020/21 is £0.395m for Health & Safety related issues.

10.3 The Department for Education (DfE) has yet to announce the School Capital Allocation for 2020/21. The SCA for 2019/20 is £2.958m. The methodology for which remains unchanged from the 2015-2018 allocations with adjustments made in relation to academy conversions.

## **11.0 RISKS TO TIMELINE**

11.1 The main risks to a delay in the delivery of the programme include:

- Waiting for school agreement to contributions;
- Capacity within the council's Design & Technical Services Team;
- Availability of external contractors;
- Planning and Highways approvals;
- Council approval/procurement process.

## **12.0 RECOMMENDATIONS**

12.1 CRMG is asked to: -

- Comment on the implementation of the current updated Asset Management Plan Capital programme for 2020/21 and the financing thereof, and the Indicative AMP programme for up to 2022/23, as set out in the report;
- Note the application of corporate resources to fund the AMP programme 2020/21 to 2022/23; with the application of funding types (capital receipts and borrowing) being delegated to the Deputy Chief Executive in conjunction with the Estates Capital Board (ECB);
- Authorise the Deputy Chief Executive to award construction contracts as required to deliver the works programme.

## **BACKGROUND PAPERS**

There are none.

Anyone requiring further information should contact Charlotte Cordingley on 0161 474 4240 or [charlotte.cordingley@stockport.gov.uk](mailto:charlotte.cordingley@stockport.gov.uk)

**APPENDICIES:**

Appendix A – Asset Management Plan Capital Programme 2020/2021 – 2022/23

Appendix B – Schools Capital Programme 2020/2021 – 2024/2025