

Committee(s): Corporate Asset Sub-Committee	Date: 29 th January 2020
Subject: Cyclical Maintenance Back Log	Public
Report of: City Surveyor CS:007/20	For Information
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Summary

This report gives the current position on the overall view of backlog of cyclical maintenance across all the operational property estate including the ring-fenced properties of Billingsgate and New Spitalfields Markets, City of London Police and Schools and the Barbican Centre including the Guildhall School. The figures below exclude the HRA, Non HRA Housing and the five river crossings which are managed by the Department of Communities and Children’s Services and the Department of the Built Environment respectively.

A summary of the current position is below:

Portfolio	Backlog Maintenance 2020	Backlog Maintenance 2018
Corporate	£34.7m	£37.5m
Ring Fenced ⁽¹⁾	£13.9m	£9.6m
Barbican/Guildhall School ⁽²⁾	£34.7m	£31.6m
Total	£83.3m	£78.7m

(1) – Some of the above expenditure will be addressed through initiatives such as the Police Accommodation Project, Markets Consolidation Programme and the Freeman’s School Masterplan.

(2) - £15 million is for the Conservatory

This report has been created using the latest data and takes the figures from the 2020/21 Cyclical Works programme (CWP) bid where the reserve list was £26 million. All projects that are already funded either through the Cyclical Works Programme or major schemes have been removed.

Ring-Fenced properties fund their own cyclical maintenance and are therefore not included in the Cyclical Works Programme or the Capital Bids Process.

The current Corporate Property Asset Management Strategy states that the City should be maintaining their building stock to a good standard, the backlog figures have been created to this standard.

In September 2018 when the previous report which was presented to this Committee the overall backlog was £78.7m; so, in the intervening period there has been an overall increase in the backlog maintenance of £4.6m.

It is anticipated that during 2020, the overall backlog maintenance will reduce, mainly due to the removal of Snow Hill and Wood Street Police Stations arising from the disposal of these properties.

Recommendation

Members are asked to note:

- the contents of this report
- Consider this report when the new draft Corporate Property Asset Management Strategy is presented to a future committee and the level to which the City maintains its property portfolio

Operational

1. The Cyclical Maintenance Back Log consists of 3 tranches:
 1. Major Works – projects over £250,000 sit outside of the Cyclical Works Programme (CWP) umbrella and need to be funded through capital resources
 2. Deferred Works – projects deliberately deferred to allow the City to extend the life of appropriate assets within legislative and operational parameters
 3. Back Log Works – projects that require completing, but insufficient funding has been made available for the works to proceed.
2. The current position of the Cyclical Maintenance Back Log in 2020/21 for the operational estate excluding ring fenced properties and the Barbican Centre and Guildhall School is:

	City Cash	City Fund	Guildhall	Total
Major Works	£2,538,000	£2,861,000	£14,131,000	£19,530,000
Deferred Works	£3,426,000	£5,481,500	£2,291,200	£11,198,700
Back Log Works	£4,129,720	£5,880,300	£5,174,500	£15,184,520
Total	£10,093,720	£14,222,800	£21,596,700	£45,913,220

3. For the purposes of this report, the Cyclical Maintenance Back Log is the major works and back log works which combined has a total of £34.7m
4. The above figures have been taken from the most up to date version of the individual Forward Maintenance Plans and exclude projects that are currently funded through either the CWP or have major funding in place.
5. Fundamental Review and Capital Bids for 20/21 decisions have not been considered for this report as the final outcome is not yet known.

Ring-Fenced

- Ring fenced properties include - all Police sites (Bishopsgate, New Street, Snow Hill and Wood Street Police Stations), City of London Schools (Boys, Girls and Freeman's), Billingsgate and New Spitalfields Markets. Smithfield Market forms part of the CWP due to the historic works required as part of the service charge agreement with tenants.
- The current position of the Cyclical Maintenance Back Log in 2020/21 for ring fenced properties is:

	Boys School	Girls School	Freemen's School	Markets	Police	Total
Major Works	£230,000	£1,440,000	£800,000	£0	£1,652,000	£4,122,000
Back Log Works	£1,295,700	£931,500	£1,962,200	£1,821,200	£3,803,500	£9,814,100
Total	£1,525,700	£2,371,500	£2,762,200	£1,821,200	£5,455,500	£13,936,100

- An element of the backlog for ring fenced properties will be dealt with by other initiatives such as the Police Accommodation Project, Market Consolidation Programme and Freeman's School Masterplan. The removal of both Snow Hill and Wood Street Police Stations due to their disposal will reduce the ring-fenced total by £4.3m.
- The above figures have been taken from the most up to date version of the Forward Maintenance Plans and exclude projects that are currently funded by either the Ring-Fenced Client or have capital funding in place. HRA, Non HRA and River Crossing Assets are excluded from these figures.
- The City Surveyor is actively involved with agreeing which projects are undertaken although the final decision as to what is completed is taken by the respective Chief Officer.

Barbican Centre including Guildhall School

- The current position for the Cyclical Maintenance Back Log for the Barbican Centre is £34.7million which includes £15million for works required on the conservatory.

Overall Picture

- Therefore, the total Cyclical Maintenance Back Log for the corporate estate, ring fenced properties and Barbican Centre including the Guildhall School and Ex Halls is in the region of £83.3m, this is subject to current prices and an ongoing annual inflation calculated using BCIS (RICS).

13. In September 2018, the backlog was estimated at £78.7m, resulting in an increase of £4.6m in the backlog maintenance.
14. The removal of the two Police Stations from City of London ownership in 2020 will reduce the backlog of maintenance down to £79m which results in an increase of £0.3m from 2018.
15. The figures provided are for works and exclude any temporary decant costs. If members provided the budget to undertake all works these estimated works costs are subject to detailed specification and tender returns so are only to be used as a guide.
16. It also needs to be highlighted that the ability to complete all these works is very much down to availability constraints and if funding was made available careful planning would be required to work with service departments to ensure there is minimum disruption.
17. It should also be noted that it is a normal practice within the building industry to have an element of deferred maintenance which forms a backlog of works, for the operational estate this is valued at £11.2m. The City is not in an unusual position but it's important that Members of this committee are fully sighted on the level of the overall backlog of works.

Conclusion

18. There has been a 5% increase in backlog maintenance, indicating that the current funding requirements are insufficient to prevent the backlog from increasing, even slightly. Continued investment in the outstanding major projects would greatly assist with reducing backlog.
19. It is important to note that the current level of funding (£44.5m committed via AWP/CWP and Additional Capital City Fund works for the next three years) is maintained to ensure that the backlog does not increase beyond the current position. Clearly, maintaining such funding levels will continue to stabilise the current position, however funding of capital projects in addition to the £44.5m will be essential in order to continue to reduce the back log.
20. The current backlog is maintaining the properties to a good condition as per the Corporate Property Asset Management Strategy.

Background Papers

- Maintenance Back Log – Corporate Asset Sub Committee – 5th September 2018

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