

**CABINET**  
**22<sup>nd</sup> NOVEMBER 2006**

**CHILDREN'S SERVICES SCRUTINY COMMITTEE**  
**29<sup>th</sup> NOVEMBER 2006**

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**THE BUILDING MAINTENANCE BACKLOG**

**Executive Summary**

The County Council has a large maintenance backlog as a result of the size and predominantly ageing nature of its property holdings. A significant proportion of the backlog relates to school buildings and Members have raised particular questions concerning this element of the backlog. This report provides an update on the current overall backlog figures and deals with a number of specific issues raised by Members with regard to the schools' estate.

**Proposal**

That Members note the current maintenance backlog position on both the schools' and non-schools' estates and approve the overall strategy and specific actions for tackling the problem.

**Reasons for Proposal**

To ensure that Members are aware of the current level and nature of the maintenance backlog and the plans in place for dealing with it.

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**THE BUILDING MAINTENANCE BACKLOG**

**Purpose of Report**

1. To update Members on the current maintenance backlog position with particular regard to the schools' estate.

**Background**

2. At its meeting on 9<sup>th</sup> September 2005 the Overview and Scrutiny Management Committee raised questions concerning the high level of the building maintenance backlog and recommended Cabinet to ask the Children's Services Scrutiny Committee for its views on the schools element of the backlog.
3. At its meeting on 16<sup>th</sup> September 2005 Cabinet agreed this recommendation and also asked for the matter to be reported to the Children, Education and Libraries (CEL) Advisory Panel and the Schools' Forum.
4. At their meeting on 30<sup>th</sup> November 2005, Members of the Children's Services Scrutiny Committee expressed concern over a number of issues regarding the schools' estate backlog which they wished to refer on to the CEL Advisory Panel and Schools' Forum. These issues are considered in more detail below. The Committee also expressed an interest in receiving an updated backlog report this year, including reference to any implications the Education White Paper might have on the position.
5. The Schools' Forum considered the report at its meeting on 26<sup>th</sup> January 2006 and resolved to advise the County Council:
  - (1) *To ask the Director of Environmental Services to give priority to developing Establishment Surveyors, as indicated in paragraph 13 of the report.*
  - (2) *To ask the Director, Department for Children and Education to report on the rules for the use of formula capital, with an analysis of how Wiltshire schools have used their allocations on a sampling basis.*
  - (3) *To note the progress made in setting up an additional pooling scheme, available to those unable to join the current pooling scheme.*
  - (4) *To bring a progress report to the Forum and to consider the results of the sample survey at a future meeting.*
6. The CEL Advisory Panel noted these proposed actions at its meeting on 27<sup>th</sup> January 2006.
7. The report that follows provides an updated position statement on the overall building maintenance backlog but with particular emphasis on the schools' estate and the issues raised at the various meetings outlined above.

## **Main Considerations for the Council**

### **The Overall Backlog Position**

8. In common with many other local authorities the County Council has a large maintenance backlog related to its extensive and generally ageing property estate. The position as at September 2006 compared to the previous two years was as follows:

	<b>MARCH 2004 £m</b>	<b>SEPTEMBER 2005 £m</b>	<b>SEPTEMBER 2006 £m</b>
Schools Estate	65.0	64.8	63.9
Non-schools	11.0	16.0	16.3
<b>Total</b>	<b>76.0</b>	<b>80.8</b>	<b>80.2</b>

9. The current strategy to effectively deal with this backlog comprises three elements:
- Identify and maximise opportunities to increase funding
  - Rationalise the estate and dispose of property with high maintenance needs
  - Focus on achieving good value for money from existing budgets
10. This strategy has had only moderate success to date, as can be seen from the figures above. Whilst in recent years the Government has put significant money into improving the schools' building stock, opportunities to increase funding on the non-school estate are rare, relying on the availability of scarce Council resources. Rationalisation of the estate in the past has often been piecemeal and by its nature is a longer term solution. Improving value for money from limited funding sources is unlikely to result in significant reductions in the overall backlog.
11. The backlog figure is derived from comprehensive building condition surveys carried out on a rolling three-year programme, which identify deterioration over time and reflect works that have been carried out to repair and replace buildings during the same period. Building cost price inflation is also taken into account.
12. The building condition surveys provide detailed information on all aspects of the backlog which can be analysed and presented in many different ways. The table below, for example, provides information on the main types of work required related to funding source:

<b>WORK TYPE</b>	<b>SCHOOLS DELEGATED £m</b>	<b>SCHOOLS COUNTY COUNCIL £m</b>	<b>SCHOOLS TOTAL</b>	<b>NON- SCHOOLS £m</b>	<b>OVERALL TOTAL BACKLOG £m</b>
Roofs	6.6	2.4	9.0	2.4	11.4
External walls, windows. doors	10.8	3.5	14.3	1.9	16.2
Mechanical and electrical (M&E)	13.1	6.0	19.1	5.8	24.9
Internal works	7.0	0.6	7.6	1.6	9.2
External (site) works	3.4	1.0	4.4	2.1	6.5
Redecorations	8.0	1.5	9.5	2.5	12.0
<b>Totals</b>	<b>48.9</b>	<b>15.0</b>	<b>63.9</b>	<b>16.3</b>	<b>80.2</b>

This table shows that M&E systems now form a large part of the backlog and will be a priority for future budget allocations.

13. The table above also shows that out of the £80.2 million total backlog the schools' estate element amounts to £63.9 million (approximately 80%), of which £48.9 million (61% of the total) falls to be funded from schools' delegated budgets. A more detailed analysis of the schools' backlog position follows later in this report.

### **The Non-Schools' Estate**

14. As indicated in paragraph 8 above, after a large rise between March 2004 and September 2005, the non-schools' backlog appears to have stabilised at just over £16 million.
15. The annual budgets available to deal with this backlog are relatively limited and are allocated to the priority building works identified by the condition survey information.
- Capitalised Maintenance Budget for all buildings - 2006-07 - £270,000 of which only approximately 30% will be spent on the non-school estate
  - Landlords Revenue Budget for building fabric/structure for all buildings - 2006-07 - £1 million of which only approximately 40% will be spent on the non-school estate
  - Service Departments delegated Revenue Budgets for Health and Safety and other minor works - £700,000 in total, although little of this money will be spent on works which have a significant impact on the backlog figure
16. In the absence of significant additional funds to spend on planned maintenance, there is no alternative but to continue to allocate a large proportion of these limited resources to reactive repairs in an effort to prolong the life of the buildings.
17. The strategy most likely to deliver significant reductions in the non-schools' backlog is rationalisation of the building stock. The Council's approved Corporate Property strategy has a target to reduce its non-schools' maintenance backlog figure by 20% over the next five years. Officers are currently involved in a number of key corporate projects which will enable the authority to dispose of a large number of its buildings which currently contribute to the backlog. These projects include the Waterside development in Trowbridge, a county-wide office accommodation rationalisation, and highway depot and Learning Disability reviews.

### **The Schools' Estate**

18. As indicated in paragraph 8 above, the backlog on the schools' estate is continuing to show a slight year-on-year reduction. This is mainly due to the significant New Deal for Schools (NDS) funding from central Government over recent years (see paragraphs 30-32 below).
19. Since the Overview and Scrutiny Management Committee first raised the issue of the schools' maintenance backlog Members have raised a number of key issues which are dealt with below:-

#### **Schools' responsibilities for maintenance**

20. Wiltshire has a considerable variety of school buildings in terms of age and type. Many buildings, particularly those constructed in the 1960s and 1970s, have high maintenance needs. The prevalence of flat roofs, prefabricated buildings and asbestos containing materials has not helped the situation. There are over 400 relocatable buildings at Wiltshire schools and these have been used in recent years to provide basic need places. The maintenance of these mobile buildings has only added to the maintenance backlog problems over recent years.

21. Responsibility for maintenance is split three ways. The County Council retains responsibility for major elements eg structural walls/roofs etc. Funding for all other works has to be delegated to the schools who are then responsible for its management and use. (The apportionment of schools' backlog related to County Council and schools' delegated responsibilities is included in the table in paragraph 12). The third area of responsibility relates to Voluntary Aided (VA) schools where the County retains no responsibility and all funding is provided direct from the DfES.

#### Devolved Formula Capital

22. Schools also receive Devolved Formula Capital (DFC) from the DfES through a pupil weighted formula. These funds can be used for:

- structural improvements to buildings as well as fixtures and fittings
- the purchase of capital equipment including IT

DFC funding cannot be used for routine repairs, redecoration or general maintenance covered by schools' delegated budgets.

23. In 2006-07 primary schools received a lump sum of £17,000 plus £61.00 per pupil. The corresponding figures for secondary schools are £17,000 and £91.50 per pupil. These funds are not allocated on a needs basis.
24. Local authorities have no power to hold back DFC or any other similar funds from schools. Recent legislation has indeed re-emphasised the importance of self-managing schools and delegation of resources and responsibilities. However, schools are advised to use the Council's condition surveys when determining their priorities for investment of DFC. In addition, annual seminars are held to advise schools on how to prioritise projects and usage of DFC is closely monitored by the Council.

#### The Maintenance Pooling Scheme

25. A large number of community/controlled primary and special schools already hand most of their delegated maintenance funds back to the Council to manage on their behalf through a Pooling Scheme. Earlier this year officers gave consideration to expanding these arrangements to give other schools which were not covered by the original scheme an opportunity to participate. An additional four community/controlled schools have now joined the scheme, giving a total take-up of almost 90% for these categories of school.
26. All other Foundation, VA and secondary schools have been contacted to establish if they were also interested in joining a new scheme on a similar basis. Over 40 establishments have expressed an initial interest and further work is being undertaken to see if these proposals can be taken forward.

#### Developing the role of School Establishment Surveyors

27. Another initiative being pursued involves the developing role of the Council's building surveyors, working more closely with the school heads and premises managers in terms of the condition of their buildings. The intention is that each school will have a dedicated building surveyor and mechanical/electrical engineer who will liaise with the school on a more proactive basis than has previously been the case.

28. Site specific condition reports will be prepared for detailed discussion with every school. This will enable schools to more easily set priorities for the use of their devolved maintenance budget and perhaps more importantly enable discussions to take place with each premise on the potential for achieving better value for money from the joint use of both school and Council maintenance budgets. Whilst this does impact on limited staff resources, it is an important future development area.
29. There has been some notable progress during the current financial year. A total of 18 projects at schools across the county have generated approximately £350,000 of financial contributions from school budgets towards 'joint venture' schemes with the Council. Work has begun on identifying a programme of similar projects for 2007-08.

#### New Deal for Schools

30. Currently DfES allocates funds through NDS to the County Council that can be used for maintenance works in community, foundation and controlled schools. NDS for 2006-07 totals £4.8 million and consultation with school representatives has determined the following priorities for expenditure:
- 35% on condition related works
  - 35% on replacement of mobiles
  - 10% on the provision of halls for primary schools
  - 15% on specialist accommodation for secondary schools
  - 5% on open-plan issues in primary schools
31. When NDS funds are used to resource a project of over £50,000 the County Council requests a school contribution towards the project of 20% of the project cost or one year's DFC, whichever is the lower amount. There is little money available centrally to make any marked impact on the backlog of maintenance in schools across the county.
32. NDS funds of £4.9 million will be available in 2007-08 and DfEs has yet to determine funding for future years. In the current year voluntary aided schools have access to a total of £1.21 million through the Locally Co-ordinated Voluntary Aided Project funds allocated by DfES. The County Council and dioceses jointly determine priorities of maintenance and basic need from these funds.

#### Building Schools for the Future

33. Building Schools for the Future (BSF) Secondary is a Government funded programme designed to rebuild or refurbish all schools over a 15-25 year period. The programme will not commence in Wiltshire until 2016. Wiltshire has been allocated a 'One School Pathfinder' grant and is seeking to use this to rebuild the George Ward School in Melksham by September 2009. However, other schools will have to wait a considerable time to benefit from this investment programme.
34. The corresponding BSF Primary programme will impact on Wiltshire in 2009. This programme is aimed at rebuilding/refurbishing or taking out of use a significant proportion of the primary estate. Detailed guidance is expected this autumn but national information has already identified that priority will be given to addressing:
- 5% of the worst condition school buildings
  - 20% of the worst condition school buildings serving the most deprived communities

Once again Government has indicated that this will be a 15-year programme and few schools in Wiltshire are likely to benefit in the initial years.

35. Whilst the overall BSF programme therefore delivers no significant early impact on Wiltshire schools, it does offer the prospect of considerable improvement in the building stock and a consequent substantial reduction in the backlog position over the medium to long term.

#### Government White Paper

36. Although the White Paper does not specifically require further delegation of maintenance funds to schools, the Schools Forum does have the ability to require the Local Education Authority to delegate resources currently held centrally. In the current financial year £425,000 is held centrally for schools repair and maintenance. Although there is no indication that further delegation is being considered, it remains a potential risk.

### **Environmental Impact of the Proposal**

37. Addressing the maintenance backlog will improve working conditions and service delivery arrangements within the non-schools' estate and will ensure that school environments are more appropriate for the education of the county's children and young people.
38. The improvement of key elements of the building stock will lead to specific environmental benefits, eg energy savings from re-roofing or replacement window projects, provision of energy-efficient boilers etc.

### **Risk Assessment**

39. A failure to address the backlog will lead to a continuing deterioration of the building stock from which the Council delivers the majority of its services. Therefore, it is essential that all available funding sources are used to assist in dealing with this problem.

### **Financial Implications**

40. See paragraphs 8, 12, 15, 22-25 and 30-32 above.

### **Options Considered**

41. There is no alternative other than to continue to take all reasonable steps to prevent the continued deterioration of the buildings from which the Council delivers its services. A failure to address the situation would lead to year-on-year increases in the backlog and an increasingly unsustainable position in terms of the condition and suitability of the Council's building stock.

### **Conclusion**

42. The Council's overall strategy for dealing with its maintenance backlog remains valid for both the schools' and non-schools' estate. The latest figures for September 2006 suggest there is at least a stabilisation in the overall position.
43. There will always be a requirement to maximise funding opportunities and achieve best value from the various funding sources available and this approach will continue to be pursued on an ongoing basis. The potential to achieve better value for money on school projects by working more closely with schools and combining school and county budgets wherever appropriate will continue to be a priority, as outlined in the report.

44. However, the potential to achieve the most significant reduction in the backlog comes from opportunities to rationalise the estate and dispose of those buildings with the highest maintenance need. On the non-schools' estate there are a number of corporate projects underway which aim to dispose of a large number of buildings which are currently unfit for purpose and make up a large part of the backlog figure. In terms of the schools' estate, despite significant NDS funding over recent years, the schools' backlog has changed only marginally. Again, the key factor in substantially addressing the problem is to refurbish or reprovide the poorest buildings. The Government's BSF programme for both secondary and primary schools aims to tackle this issue, albeit over the medium/longer term.

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**The following unpublished documents have been relied on in the preparation of this Report:**

None