

Report to: LED Monitoring Forum



Date of Meeting 11th April 2023

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Property and FM Team Approach to Capital Works at LED Managed Dual Use Properties

Report summary:

This report summarises the Corporate Property and FM Team approach to capital works at LED managed dual use properties within the context of impending management agreements negotiations.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That the Forum acknowledges the approach and supports it.

Reason for recommendation:

- a) To ensure Members of the Forum are informed on the approach and understand its rationale.
- b) Ensure capital maintenance works are delivered as planned and as needed to ensure continuity in service and manage possible reputational damage arising from disruptions to service delivery.
- c) To mitigate increases in maintenance and capital costs.

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Democracy, Transparency and Communications
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Tourism, Sports, Leisure and Culture

Equalities impact Low Impact

If choosing High or Medium level outline the equality considerations here, which should include any particular adverse impact on people with protected characteristics and actions to mitigate these. Link to an equalities impact assessment form using the [equalities form template](#).

Climate change Low Impact

Risk: Low Risk; Click here to enter text on risk considerations relating to your report.

Links to background information N/A

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
 - A greener East Devon
 - A resilient economy
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Report in full

- 1.1 East Devon District Council has allocated capital funding for works at LED managed sites. The funding allocated is to deliver larger maintenance projects required to ensure buildings are kept in good condition and to ensure the continuity of the services delivered from the buildings.
- 1.2 Largely, property related capital funding requests are condition related/justified and are duly scrutinised via the Capital Allocation Panel, the Asset Management Forum, the LED Monitoring Forum, and Cabinet. Eventually approved by Council.
- 1.3 At LED managed dual use sites, maintenance cost are shared between the users; usually a 60/40 % split based on each party's share of the use of the facilities.
- 1.4 EDDC's contribution, usually 60% of the costs, reflected the share of the use of the facilities at the time the management agreements were established. However, whilst in recent years the share of the usage has changed, the schools having a greater share, the share of the costs have remained unchanged.
- 1.5 As a result the Estates Team have now opened negotiations on the management agreements to ensure EDDC's contribution toward the maintenance costs reflects the current share of the use. The negotiations will also address other management arrangements closely related to the split of maintenance costs, such as responsibility for arranging and managing the maintenance operations.
- 1.6 The impending new management agreements renegotiations have meant that some of the larger agreed capital projects at dual use sites have been put on hold.
- 1.7 Accepting that a more favourable renegotiation of the share of the costs will mean EDDC's contribution towards the maintenance costs will reduce; there are other considerations against putting the work on hold until the new agreements are in place.
- 1.8 The main consideration is that the work still needs to be done and holding or deferring the works may lead to further deterioration of the facilities and service disruptions.

- 1.9 In addition, service disruptions, due to lack of action, may lead to negative press and reputational damage.
- 1.10 Furthermore, whilst the management agreement renegotiations are expected to be concluded by September 2024, there is no guarantee that they will be completed and implemented by then, which means projects might be on hold for longer than anticipated therefore increasing the risk of disruptions to services and reputational damage.
- 1.11 Consideration should also be given to project costs increasing with inflation and therefore offsetting the expected savings arising from the adjusted share of the maintenance cost.
- 1.12 In addition to capital project cost considerations, maintenance costs will likely increase as the longer the work is on hold the more temporary work will need to be done to control and mitigate the issues.
- 1.13 Based on the above considerations it is concluded that there will be little benefit holding or deferring already approved capital work at dual use sites whilst waiting for current management agreements with lower cost contributions to be negotiated.
- 1.14 It is therefore the intention to progress capital works that have been on hold at dual use sites unless the new management agreement negotiations are well advanced and likely to be implemented in the short term.

Financial implications:

There are no new financial implication arising from the report.

Legal implications:

There is no direct comment to be made, Legal Services will assist as necessary.