

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

**REPORT TO CABINET
4 JANUARY 2007**

**REPORT OF CORPORATE
MANAGEMENT TEAM**

COUNCIL DECISION

Lead Cabinet Member – Councillor David Coleman, Deputy Leader

REVIEW OF MEDIUM TERM FINANCIAL PLAN 2007/08

1. Summary

The report provides the most up to date position of the Medium Term Financial Plan (MTFP) taking into account the provisional settlement. It outlines the way forward for consultation on Council Tax setting and utilisation of any Headroom for 2007/08. In addition a strategy is proposed for the two remaining years of the plan.

2. Recommendations

General Fund

1. Members note the Provisional Financial Settlement.
2. Members note the consultation strategy for 2007/08 budget setting.
3. Members note the suggested strategy for the MTFP for and 2008/9 and 2009/10.

Capital

4. Members note the current status of capital resources and the need to prioritise capital schemes in principle at the Council meeting in February.
5. Members approve the allocation of £270K from the repairs & maintenance budget allocation for the replacement of roof, windows and lift.

HRA

6. The proposed rent strategy be approved.

3. Reasons for the Recommendations/Decision(s)

The Council is required to approve a balanced budget and set a tax for 2007/08 before the statutory deadline of 11 March 2007.

The report identifies those decisions which need to be taken at an earlier stage for logistical reasons (rent increases) and provides the Council with details of inescapable pressures which, it is suggested, need to be approved as a priority.

4. Members Interests

Members (including co-opted members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (paragraph 8) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgment of the public interest (paragraph 10 of the code of conduct).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting is being held, whilst the matter is being considered; not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (paragraph 12 of the Code).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc.; whether or not they are a member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting, and if their interest is prejudicial, they must also leave the meeting room during consideration of the relevant item.

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DETAIL

1. The Council is required to take a range of decisions in advance of each new financial year with a statutory deadline for a balanced budget by 11 March 2007.
2. This report provides briefing papers that will facilitate decisions at Special Council meeting on 28 February 2007.
3. The briefing paper contains sections on:
 - Provisional 2007/08 settlement and details of additional grant received
 - General Fund position
 - Capital
 - Housing Revenue Account Rent Strategy

FINANCIAL AND LEGAL IMPLICATIONS

4. The report supports a HRA with surpluses in line with Council targets. It also proposes revisions to the Medium Term Financial Plan to reflect a number of high priority pressures.

5. In line with the Local Government Act 2003, the report recommends the approach to a robust, balanced budget. The timescales identified in the report are within the requirements laid down in Section 30 of the Local Government Finance Act 1992.

RISK ASSESSMENT

6. The update of the Medium Term Financial Plan is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

COMMUNITY STRATEGY IMPLICATIONS

7. The report supports the Community Strategy and Council Plan.

CONSULTATION INCLUDING WARD/COUNCILLORS

8. A series of consultation events will be taking place between January and February 2007. These will involve the Business Forum, Renaissance and Stockton Members. Details of the events are in the main report.

Julie Danks
Corporate Director of Resources

Contact Officer: Paul Saunders, Head of Finance
Telephone No. 01642 527010
Email Address: paul.saunders@stockton .gov.uk

Background Papers
Ward(s) and Ward Councillors
Property

**MEDIUM TERM FINANCIAL PLAN
AND BUDGET
2007/08**

BACKGROUND

Medium Term Financial Plan

1. On 30 November 2006, Cabinet received a report detailing the current anticipated financial position of the General Fund for the period of the Medium Term Financial Plan. The projected overall Managed Surplus (MS) / Managed Commitment (MC) position of the General Fund was as follows:

Projected (MS) / MC position for 30 September 2006

	31/3/07 £000s	31/3/08 £000s	31/3/09 £000s
(MS) / MC	(2,500)	(92)	0

Provisional Settlement

2. Last year's settlement was the first to include a multi-year indicator for future year's grant. In formalising the position for this year the Government have made no changes from those indicative figures. Attached at **Appendix A** is the briefing note on the settlement that was sent to Members on 4 December 2006.
3. The main points of the settlement are that in headline figures Stockton received an increase of 3.8% in grant compared to the adjusted figure for 2006/07. This adjusted figure is due to the removal of £600,000 of funding that the Government no longer allocate to Stockton in 2007/08 even though we received it in 2006/07. In terms of real cash then Stockton received £65.828 million last year and this year this will be £67.707 million, an increase of 2.85% in cash terms.
4. Members may recall that in association with the first multi-year grant settlement it required councils to set an indicative Council Tax increase and budget for 2007/08, based upon the indicative grant figure. Stockton decided upon an indicative Council Tax increase of 3.9% that funded the following pressures:

Concessionary Fares
Democratic Services
Employment Issues
Museums
Learning Disability Packages
Street Lighting Energy Costs
Recycling

This resulted in the authority having a balanced budget with no headroom available.

5. Although the amount of funding allocated to the Council has remained the same, the sources the Government use for this has changed. It is now planning to use an extra £1 billion in National Non-Domestic Rates, as the total figure has not moved this means it is using £1 billion less from the Revenue Support Grant that it generates from general taxation methods. The lobbying bodies from local government (ANEC, SIGOMA, etc), will be pressing the Government to invest this £1 billion gain back into local government services to finance the many pressures it faces. It is recommended Stockton supports this stance in its response to the provisional settlement.
6. Members may recall that the new four block method of distribution introduced last year caused such fundamental shifts in resource distribution that the damping mechanism removed 85% of every pound above the floor level, to allow redistribution of this money back to those authorities below the guaranteed floor increase to lift them back up to the

2% minimum (this is the guaranteed minimum sum the Government promises to each authority). This resulted in Stockton losing £800,000 of its originally allocated grant for this purpose. The situation is even worse in 2007/08 with the council having to return £1.5m back into 'the pot', as the guaranteed floor level is to increase to 2.7% for like type authorities to Stockton. It is recommended that Stockton again protests against the high level of damping required in its response to the provisional settlement. It may interest Members to know that our local MP's have already written to the Government expressing their concerns at the level of re-distribution that is required in the new four block system.

7. The council from 2006/07 was removed from the process of allocating funds to its schools, the Government allocating the total amount for Stockton direct via the Dedicated Schools Grant. Again last year an indicative amount was given for Stockton of £108.123 million to be adjusted for January 2007 pupil numbers. Due to the fact the Government estimates these to fall the revised figure from them is £107.764 million. Officers from Stockton have produced their own estimate of the January pupil count and based on this believe the figure is more likely to be £107.626 million. Pupil numbers in Stockton are expected to fall by 1.9% compared to a national average of 0.6%.
8. The deadline for responses on consultation for the provisional settlement is 5 January 2007, only one day after this meeting and prior to any recommendations being endorsed by full Council. It was therefore recommended in the MTFP Cabinet update on 30 November, that the consultation response should be provided by the Corporate Director of Resources in conjunction with the Leader of the Council to ensure the deadline is met. A copy of the response will be circulated to all Members when it is completed.
9. The Government has re-stated its expectation that they do not anticipate any Council Tax increase going above 5% and that they will 'cap' any authority that exceeds this level.

Headroom and Pressures

10. As mentioned in paragraph 4 the provisional budget for 2007/08 set as part of last year's process resulted in zero headroom. Since then the management team of the authority have been working on producing additional efficiencies to help create some ongoing headroom. In addition there will be some one-off amounts from areas such as balances that will be available for expenditure limited to a one-year period.
11. Officers are also examining during the service planning process any cost pressures they are unable to absorb within normal budget management. Members will already be aware from previous reports that some of these such as Building Schools for the Future and Access to Services, have already been highlighted. In addition some recent legal rulings on Single Status have raised the spectre that we may need to allocate more resources for the implementation of this within Stockton.
12. It is hoped that by the time the Members Seminar is held on 23 January 2007 figures for both resources available and pressures to be funded will be firmed up. The session should allow the detailed presentations and debate that were held in the same forum last year and help prioritise the council's use of any headroom available.

Consultation

13. The authority has commissioned the MORI survey of residents during 2006 and the results of this will be utilised to determine the areas the public would like to see additional investment.

14. As mentioned above there will be a Members Seminar on 23 January 2007, and in the month of February there will again be a range of opportunities for individual Members and representative groups to come in and discuss the service planning and budget setting process with officers.
15. We will also be consulting with the Business Forum, and attending Renaissance on 13 February 2007 to obtain their views.

2008/09 and 2009/10

16. The Government is currently in the process of conducting the Comprehensive Spending Review 2007. This will determine the amount of grant Stockton will receive for the next 3 financial years starting from 2008/09. This will not be available prior to the conclusion of our formal budget setting process. As Members will know Stockton started the process of formulating a Medium Term Financial Plan well before the Government decided to introduce the idea. As we will not have an indication at budget setting time of grant amounts the authority will need to make assumptions on grant levels and Council Tax increases to produce its indicative budgets for 2008/09 and 2009/10.

Capital

17. Detailed at **Appendix B** are those capital allocations the council has received to date from the Government, the picture on these will grow clearer through the budget cycle. In the main these resources must be used in the ringfenced areas the money is allocated against.
18. In terms of capital resources the authority has generated itself, it is currently estimated there will be approximately £7 million available for utilisation in 2007/08. The Capital Strategy and Asset Group are currently assessing those schemes that might be considered to utilise that resource. Members are reminded that during last year's budget process they approved in principle £921,000 for Community Schemes, Cemeteries, Environmental Improvements, Adaptations and Equipment, Alleygating and £400,000 for Repairs & Maintenance from the Capital Funds.
19. The 2006 budget approved by Council on 1 March 2006, included the approval of £425K to support repairs & maintenance schemes. The report to Cabinet approved utilisation of £155K leaving £270K to be allocated.
20. Following a review of outstanding repairs & maintenance on the council's administrative buildings, a number of schemes have been identified as high risk and need urgent work. Individual project briefs are attached at **Appendix D** covering these schemes which involve replacement of roof, windows and lift. It is therefore recommended that the remaining allocation of £270K is allocated to fund these works.

HRA Rent Strategy

21. The Government are still committed to the process of converging rents in the public sector with those in the private sector. This is the second year of the two-year settlement which capped rents to a maximum increase of 5% for the purpose of rent setting, see **Appendix C**. No decision has yet been made by Government to either continue to cap rents after 2008 or move the 2012 convergence deadline. A separate report will follow later in the year detailing the implications in this area.

MEMBER BRIEFING

THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2007/08 (PROVISIONAL)

1. The provisional Local Government Finance Settlement for 2007/08 was issued by the DCLG on 28th November 2006. This is the second year of the two year settlement, the details of which were originally announced on 5th December 2005.
2. In line with Government policy on multi-year settlements, the provisional settlement for 2007/08 on which the Secretary of State is now consulting does not differ from that previously published other than the amount funded from NNDR has increased by £1 billion, with a consequent reduction in the amount funded by Revenue Support Grant. ANEC are currently enlisting support from Council's in the region to lobby the Government to make this "windfall" money available to local authorities either to invest in services or reduce Council Tax increases.

NATIONAL LEVEL – 2007/08 SETTLEMENT

Key Features

3. The key features of the provisional settlement for 2007/08 are:
 - Aggregate External Finance, the total amount of Government support to local authorities (including schools), has increased by 4.9% in 2007/08. This compares to an increase of 4.5% in AEF in 2006/07.
 - In total, Formula Grant, (revenue support grant and business rate income) has increased by 3.7% for 2007/08. As stated above the amount financed by business rates has increased by £1 billion, with consequent adjustment in the amount funded from Revenue Support Grant.
 - The "four block grant system" remains the method of distributing grant to local authorities.
 - There are no changes on the methodology of calculating formula grant allocations.
 - Whilst the data used in the settlement is the same (or frozen) in each year of the multi-year settlement period, projections have been used to reflect the year in which the settlement relates, so for 2007/08:-
 1. population is based on 2003 based projections for 2007 (*note this has been subject to a significant amount of press coverage in the past, where authorities, particularly those in the south have stated that their forecast population does not reflect the significant numbers of eastern European migrant workers and are they are therefore underfunded*).
 2. taxbase is based on projections for 2007 as calculated prior to the settlement for 2006/07.
 - There is no intention to correct any variances between projections and actual figures (when known) but of course the projections will be updated for the next three year settlement covering 2008/9 – 2010/11.
 - Specific Grants have increased by 5.4% in 2007/08. This compares to an increase of 5.1% in 2006/07.
 - Damping continues to be applied to the children's and younger adults sub-blocks of social services - see section on Local Settlement for estimated impact on Stockton.
 - The guaranteed increase in grant over the previous year (floor) for authorities with Education and Social Services responsibilities is 2.7% for 2007/08. This compares with 2% for 2006/07. The cost of bring authorities up to the floor is

paid by scaling back the grant of those authorities with above floor rises. In 2007/08 those Education and Social Services authorities will see their grant reduced by 68.84p for every £ their grant exceeds the floor increase. This is an improvement on the 2006/07 position where authorities lost 84.5p for every £ their grant exceeded the floor increase.

- The Government has reiterated its expectation that they expect to see average council tax increases of 5%.
- The deadline for written responses to the DCLG is 5th January 2007.
- No details as yet as to the date of the final settlement.

LOCAL SETTLEMENT

Headline

4. Stockton has received a headline increase in grant of 3.8% in 2007/08 which is slightly above the average increase for England & Wales of 3.7%. In cash terms, Stockton received an increase of just under 2.9%. This is explained in the table below:-

		Increase over 2007/08
2006/07 Formula Grant (cash)	£65.828m	
Adjustments:-		
Add Transfer of Specific Grants into Formula Grant Preserved Rights Grant (£11.213m nationally)	<u>£0.023m</u> £65.851m	
Less Reductions of amounts in Formula Grant		
WEEE Directive (£12.269m nationally)	£0.047m	
Capital (£106.458m nationally)	<u>£0.578m</u>	
Adjusted 2006/07	£65.226m	3.80%
Increase in Formula Grant	£2.481m	
2007/08 Formula Grant (cash)	£67.707m	2.85%

5. Under the new four block grant system, formula grant is made up of four elements:-
- a relative needs element – using Relative Needs Formulae (RNF's) which reflect the relative needs of individual authorities in providing services. They are similar to Formula Spending Shares.
 - A relative resources amount – to take account of the different capacities of local authorities to raise Council Taxes-this is a negative amount.
 - A central allocation based on an amount per head
 - A damping allocation to ensure that all authorities receive a minimum grant increase.
6. The table below shows an analysis of Stockton's formula grant.

	2006/07 £m	2007/08 £m
Relative Needs Amount	41.981	43.432
Relative Resource Amount	-7.019	-6.787
Central Allocation	31.732	32.652
Floor Damping	-0.866	-1.590
Total Formula Grant	65.828	67.707

This table shows that Stockton's grant has been reduced by £1,590,000 in 2007/08 to fund the floor protection for other authorities. The equivalent reduction in 2006/07 was £866,000.

7. In paragraph 3 reference is made to damping in the Social Services needs calculation. This was introduced in 2006/07 as a result of the turbulence caused by methodology changes in this area. Out of the three blocks Stockton stands to gain in two; Children's and Younger Adults. The magnitude of the changes in these areas was such that the government decided to phase in the effects of the changes. The 4 block system makes it very difficult to analyse changes in grant but it is estimated that this could be costing Stockton up to £439,000 in Children's and £928,000 in the Younger Adults areas in lost grant. This is additional to the floor-damping grant shown in paragraph 6 above. At the current rate it is estimated that it will take 8 years to unwind the Children's damping and 29 years to unwind the Younger Adults damping. Written representations covering these issues were made to the ODPM at this time last year and in addition correspondence and discussions have taken place with Dari Taylor MP in an attempt to resolve this. Following these discussions both Dari Taylor and Frank Cook have written to the DCLG supporting the Council's position.

Julie Danks
Corporate Director Resources

CAPITAL ALLOCATIONS 2007/08

	Supported Capital Expenditure (Revenue) £000	Supported Capital Expenditure (Capital) £000	Total Government support for investment £000	Other Funds (specific grants) £000	Total Funds £000
Transport					
Housing – Decent Homes Investment, Social Housing and Market Restructuring	1,210	5,926	7,136		7,136
Housing - Major Repairs Allowance				6,818	6,818
Education					
Social Services					
Total	1,210	5,926	7,136	6,818	13,954

HOUSING REVENUE ACCOUNT – 2007/8 RENT LEVEL

The government previously confirmed that all councils and housing associations must set their rents on a new and consistent basis. These arrangements have to be phased over a ten year period commencing April 2002 and therefore needs to be fully in place by 2012. The proposals entail both the need for rent restructuring and rent convergence. Rent restructuring is where individual property rents will be reviewed to take into account such issues as property values and local labour rates. Rent convergence is where overall council and housing association rents are brought in-line to eradicate the significant current variances between rent levels in the two sectors.

In 2004 the ODPM reviewed restructuring, this has resulted in change to the data used to calculate the formula (target) levels and will mean a larger increase in rent levels than those formulated under the old calculation.

In Stockton, as last year, this would result in a 7% increase in rent. However the DCLG in 2006/7 agreed a two year settlement that limited the increase to 5% and agreed to compensate the local authority for the difference (2%).

We are currently considering future rent increases and are in consultation with the DCLG. Member will be advised later in the year of any changes to the rents, after 2007/8.

On the 1st April 2003 the council approved that rents would be charged over 48 weeks with 4 rent free periods.

The proposed average increase for 2007/2008 of 5% equates to £2.80p per week which gives an average weekly rent of £58.75. The proposed increase compares to an increase of 5% or £2.66 in 2006/07. By the end of March 2007, 8,400 of the Council's housing stock will have reached the decent standard – no additional rent is charged following these improvements.

A review of service charges has been conducted by the Council and Tristar Homes Ltd. The review is based on guidance from DCLG who advise service charges should no longer be pooled. The review will likely result in a reduction in overall basic rents but an increase in service charges for specific tenants who receive them.

PROJECT BRIEF	
Project: REPLACEMENT OF SILIDING SASH WOODEN WINDOWS AT 16 CHURCH ROAD STOCKTON	
Project Manager: GORDON STAGE	Head of Service: MIKE ROBINSON
Type of Project:	Strategic / R&M / Community Scheme
<p>Brief Outline: Requirement is for the replacement of all the sliding wooden sash windows within the three-story part of 16 Church Road.</p> <p>There is currently a need to replace all the old sliding sash widows. The windows are the original windows. Over the years the windows have been painted many times which has greatly reduced the efficiency of the units. In addition the wooded frames have deteriorated to such an extent that rot has started to affect them. The windows have also warped causing them to jam either in the closed or open positions. In addition the windows use a balance weight opening and shutting system the weights being hidden inside the sash itself. Over the years the weights, which are suspended on cords have become detached from the cords thus rendering the opening control useless. The windows have become extremely difficult to open and shut. There are susceptible to drafts and in some cases are leaking. The premise is a Listed Building, which includes the windows. Further discussions would be required with the Planning Department as to the extent of replacement and the type of any proposed roof coverings.</p>	
<p>Links to Capital Strategy: A key strand of the Capital Strategy is to ensure that the Council's assets are kept in good repair and fit for purpose. Under the prioritisation of capital investment within the capital strategy, this project meets the Council's statutory obligations, reduces ongoing revenue costs, and contributes to Asset Management and corporate property objectives. Also, satisfies requirements of the Council approved Asset Management Plan and Office Accommodation Strategy, and satisfies strategy regarding addressing maintenance backlog.</p>	
<p>Links to Council Plan Objectives: Project conforms to Key Objectives of Community Strategy / Council Plan relating to Environment and Safety and Well Being.</p>	
<p>Outcomes & Service Improvements/Outline Business Case: By replacing the windows, the Council will be able to provide windows that are new, under warranty, and ongoing maintenance expenditure will be significantly reduced. Furthermore annual revenue savings will be achieved through less need for responsive maintenance. Repair and maintenance of the windows can cost approx £1500 on annual basis. This is expected to increase in the future as the windows will probably experience further deterioration and eventually complete failure, The Council's Building Surveyors have strongly recommended the windows needs to be replaced as soon as possible at a cost of approx £30k (using new units).</p> <p>By replacing the windows with the whole life of the windows is likely to be extended by 30 years. It is entirely possible that a good quality timber window with the appropriate maintenance could last twice this length of time. The windows that are to be replaced are the originals.</p>	

Costs & Funding:

a) Estimated Costs & Timescales:

£30k (inc replacement costs plus professional fees @ 15%)
Design, specification and tender exercise likely to take 6 - 8 weeks.
Works to take up to 2 - 3 weeks.

b) Available Funding Sources:

None

Assumptions & Constraints:

None

Preliminary Risk Assessment:

Should substantial investment not be directed into replacing the windows the Council runs an increased risk of the elements failing. This together with associated repair and ad hoc replacement costs may cause significant disruption to staff and services, being detrimental to frontline service provision. There is also an ongoing risk of the Council's insurers applying a significant deductible charge due to increased numbers of claims. The Council has a duty to comply with the provisions of the Health & Safety at Work Act 1974 and statutory guidelines relating to the provision of an adequate, fit-for-purpose workplace environment. Failure to do so may leave the Authority susceptible to legal action under civil and criminal law. Complaints have been received from the staff that opening and closing the windows could cause injury. Recently a staff member had a hand injured whilst trying to force the window open. Another significant danger exists due to the fact that it is possible for glass to fall out of the rotten frames from high level.

As the building is listed Grade 2* and in need of works to a substantial element, there is always a risk to the Authority of being served a notice for repairs and improvement. All owners of listed buildings, including local authorities, have an implied duty to take reasonable steps to keep their properties in good repair. Stockton-on-Tees Borough Council has a duty of care towards Gloucester House, as primary custodians of the county's built heritage, and by extension must set a good example in our own stewardship. It may be the opinion of Listed Buildings Officer and English Heritage (as the Government's chief advisors) that we are falling short of this duty in respect of 16 Church Road. Should the windows deteriorate further the Authority may be requested to take necessary steps to carry out repairs and safeguard the building

R&M Only:

Alternative Asset Use Considered:

None

Links to Asset Management Plan:

Satisfies requirements of the Council approved Asset Management Plan and Office Accommodation Strategy and agreed strategy regarding addressing maintenance backlog

SignedHead of Service

.....Corporate Director

.....Cabinet Member

PROJECT BRIEF

Project: FULL REPLACEMENT OF ROOF COVERINGS AT GLOUCESTER HOUSE

Project Manager:
MARK WARDLE

Head of Service:
MIKE ROBINSON

Type of Project: **Strategic / R&M / Community Scheme**

Brief Outline:

Requirement for the replacement of all roof coverings at Gloucester House. There is currently no sarking or underfelt on the roof, which greatly increases the risks of minor leaks and/or prolonged water ingress. The roof is deemed to be in a relatively poor condition and in recent months there has been substantial damage caused by storms and several roof leaks. The existing covering is relatively brittle and due to the absence of sarking felt, more tiles are inadvertently damaged each time the roof is repaired. The premise is a Listed Building with a number of pitched roofs covered in Eternit Composition type slate tiles. Further discussions would be required with the Planning Department as to the extent of replacement and the type of any proposed roof coverings.

Links to Capital Strategy:

A key strand of the Capital Strategy is to ensure that the Council's assets are kept in good repair and fit for purpose. Under the prioritisation of capital investment within the capital strategy, this project meets the Council's statutory obligations, reduces ongoing revenue costs, and contributes to Asset Management and corporate property objectives. Also, satisfies requirements of the Council approved Asset Management Plan and Office Accommodation Strategy, and satisfies strategy regarding addressing maintenance backlog.

Links to Council Plan Objectives:

Project conforms to Key Objectives of Community Strategy / Council Plan relating to Environment and Safety and Well Being.

Outcomes & Service Improvements/Outline Business Case:

By replacing the roof coverings, the Council will be able to provide a roof that is new, under warranty, and ongoing maintenance expenditure will be significantly reduced. Furthermore annual revenue savings will be achieved through less need for responsive maintenance. Repair and maintenance of roof can cost approx £2 – 3 k on annual basis. Some of the larger works required to the roof have recently cost £9 – 10k, which has been borne by existing revenue budgets. This is expected to increase in the future as the roof will probably experience further storm damage and failure, as well as a number of urgent repairs and replacement works being required. The Council's Building Surveyors insurers have strongly recommended the roof covering needs to be replaced as soon as possible at a cost of approx £108k (using Welsh Slate). However, should the roof coverings be replaced, the Council will have a building element which is greatly improved, with a whole life expectancy of 75 years or more, and annual maintenance expenditure will be significantly reduced.

Costs & Funding:

a) Estimated Costs & Timescales:

£100,000 (inc replacement costs plus professional fees @ 15%)
Design, specification and tender exercise likely to take 6 - 8 weeks.
Works to take up to 8 - 10 weeks.

b) Available Funding Sources:

None

Assumptions & Constraints:

None

Preliminary Risk Assessment:

Should substantial investment not be directed into replacing the roof coverings, the Council runs an increased risk of the roof failing and together with associated repair costs there may be disruption to staff and services, being detrimental to frontline service provision. There is also a risk of the Council's insurers applying a significant deductible charge due to the amounts of repair claims attributed to the property. The Council has a duty to comply with the provisions of the Health & Safety at Work Act 1974 and statutory guidelines relating to the provision of an adequate, fit-for-purpose workplace environment. Failure to do so may leave the Authority susceptible to legal action under civil and criminal law.

As the building is listed Grade 2* and in need of works to a substantial element, there is always a risk to the Authority of being served a notice for repairs and improvement. All owners of listed buildings, including local authorities, have an implied duty to take reasonable steps to keep their properties in good repair. Stockton-on-Tees Borough Council has a duty of care towards Gloucester House, as primary custodians of the county's built heritage, and by extension must set a good example in our own stewardship. It may be the opinion of Listed Buildings Officer and English Heritage (as the Government's chief advisors) that we are falling short of this duty in respect of Gloucester House. Should the roof deteriorate further the Authority may be requested to take necessary steps to carry out repairs and safeguard the building

R&M Only:

Alternative Asset Use Considered:

None

Links to Asset Management Plan:

Satisfies requirements of the Council approved Asset Management Plan and Office Accommodation Strategy and agreed strategy regarding addressing maintenance backlog

SignedHead of Service

.....Corporate Director

.....Cabinet Member

PROJECT BRIEF

Project: FULL REPLACEMENT OF 2 no. PASSENGER LIFTS AND WORKS TO LIFT MOTOR ROOM IN BAYHEATH HOUSE

Project Manager:
MARK WARDLE

Head of Service:
KEITH NOBLE

Type of Project: **Strategic / R&M / Community Scheme**

Brief Outline:

Requirement for the replacement/refurbishment of the passenger lift at Bayheath House. There are currently two lifts serving six floors (inc. ground floor) within building. The lifts have been experiencing several recurrent and intermittent faults in recent years and are not as reliable as lifts in other Council premises. The lifts are considered to be nearing the end of their useful life, being over 30 years old. The Council's lift contractor OTIS has strongly recommended the lift be upgraded and overhauled. It is envisaged the Council's insurers Zurich Municipal may stipulate the passenger lift must have significant repair and replacement works carried out in order to satisfy its own policy requirements as well as current health and safety legislation (similar to what occurred two years ago with the Municipal Buildings lift). Insurance cover may be restricted with a significant deductible applying.

Links to Capital Strategy:

A key strand of the Capital Strategy is to ensure that the Council's assets are kept in good repair and fit for purpose. Under the prioritisation of capital investment within the capital strategy, this project meets the Council's statutory obligations, reduces ongoing revenue costs, and contributes to Asset Management and corporate property objectives. Also, satisfies requirements of the Council approved Asset Management Plan and Office Accommodation Strategy, and satisfies strategy regarding addressing maintenance backlog.

Links to Council Plan Objectives:

Project conforms to Key Objectives of Community Strategy / Council Plan relating to Environment and Safety and Well Being. Also provide accessible services to staff and public

Outcomes & Service Improvements/Outline Business Case:

By replacing the passenger lifts, the Council will be able to provide two lift cars that are far more reliable, accessible and satisfy the requirements of the Disability Discrimination Act 1995. A number of works to ensure the health and safety of staff and lift engineers have also been recommended. The Council's contractors and electrical engineers have strongly recommended the door sets and operating mechanisms, as well as control systems, need to be refurbished as soon as possible, at an estimated cost of £25k. This work will ensure adherence to the provisions of DDA 1995. Furthermore significant annual revenue savings will be achieved through less need for responsive maintenance. Repair and maintenance of lifts currently costs approx £9k on annual basis. This is expected to increase in the future, as the lifts will experience further breakdowns, as well as a number of urgent repairs and replacement works being required. Should the lifts be replaced, the Council will have two new lifts and associated equipment under warranty and maintenance expenditure will be significantly reduced (annual servicing will be required only costing in the region of £800 per annum).

Costs & Funding:

a) Estimated Costs & Timescales:

£140,000 (inc replacement costs plus professional fees @ 10%)
Design, specification and tender exercise likely to take 12 weeks. Works to take up to 6 weeks.

b) Available Funding Sources:

None

Assumptions & Constraints:

None

Preliminary Risk Assessment:

Should substantial investment not be directed into replacing the two lifts and ancillary equipment, the Council runs an increased risk of the lifts failing and together with associated repair costs there may be disruption to staff and services, being detrimental to frontline service provision. There is also a risk of the Council's insurers either applying a significant deductible charge, or refusing to insure the facility altogether.

The premise is occupied by Sure Start services on the first and second floor, whose clientele often includes mothers and small children, as well as those with pushchairs, etc. Without the lifts being operational, these customers would not be afforded access. The Council has a duty to comply with the requirements of the Disability Discrimination Act 1995 to provide an accessible and safe environment for both staff and visitors. Also required to adhere to the provisions of the Health & Safety at Work Act 1974 and statutory guidelines relating to the provision of lift facilities and equipment. Failure to do so may leave the Authority susceptible to legal action under civil and criminal law.

R&M Only:

Alternative Asset Use Considered:

None

Links to Asset Management Plan:

Satisfies requirements of the Council approved Asset Management Plan and Office Accommodation Strategy and agreed strategy regarding addressing maintenance backlog

SignedHead of Service

.....Corporate Director

.....Cabinet Member