



## **ESPO MANAGEMENT COMMITTEE – 24 JUNE 2015**

### **BUILDING MAINTENANCE AND CAPITAL PLAN**

#### **REPORT OF THE DIRECTOR**

##### **Purpose of Report**

1. To present the summary, conclusions and recommendations of the recent Leicestershire County Council ESPO building survey commissioned by the Director as part of the overall maintenance and refurbishment programme to invest in the fabric of the ESPO warehouse and office complex at Grove Park.

##### **Background**

2. ESPO is now in its ninth year at the Grove Park purpose-built warehouse and office distribution centre. Distribution centres are built throughout the UK to exacting standards but typically all of these require investment in ongoing property maintenance and a refurbishment programme to maintain investment in the asset and provide minimum operating standards for staff, equipment and allow ESPO to operate efficiently with the assets it has.

##### **Survey Informing Property and Building Refurbishment**

3. The building survey has highlighted a number of areas to focus attention on, including repairs to the building, and general upgrade and redecoration which include some Health and Safety work.
4. As part of our Business Continuity planning, it also recommended that improvements are made to the IT server room, incorporating redesign of the layout and cooling system to protect the integrity of the critical engine room of our IT infrastructure.
5. There are further areas of work which require attention (dust extraction and cooling system for the warehouse, and a review of the office air conditioning solution), not specifically highlighted by this survey but which will form part of a proposed three-year investment and maintenance plan for Grove Park.
6. There are some recommendations in the survey which have been pushed back to 2016/17 and some into 2017/18. Internal painting and carpeting has been pulled forward given the overall poor

condition of the building and to consolidate the work in order to obtain the best price and to minimise disruption.

The 2015/16 Maintenance and Refurbishment work can be summarised as follows:

<b>Item</b>	<b>Cost £k</b>
Condition and decoration	155
Improvements including Health & Safety works	41
Projects	23
Roof repair	58
<b>Total</b>	<b>277</b>

7. This will form part of a three-year 'building maintenance and capital plan' with key items subject to review, challenges and a financial proposal. The nature of items being considered include:
  - Carpeting, internal and external decoration painting, as identified by the building survey
  - Voltage optimisation and RCD replacement, environmentally efficient improvements with long-term cost savings
  - Upgrade of the flammable store and emergency lighting improvements, Health & Safety measures
8. A further key issue to resolve is the recommendation to repair the roof which may cost circa £58k. This might have been covered by the guarantee on the roof construction but the firm is no longer trading. While we are looking into resolving this issue, we have factored this cost of £58k in this report.
9. The building has a carrying value of £10m (to be revalued for the 2014/15 accounts), and over the last two years, we have built up a reserve of £0.8m to invest in the fabric of the building and to allow for any necessary repairs and renewals. Management Committee approved reserves of £400K in the 2013/14 Financial Year and £400K in the 2014/15 Financial Year. Whilst the building reserve has been created, the permission to invest from that reserve needs to be granted by the Management Committee.

### **Resources Implications**

10. The estimated cost of works to be carried out in 2015/16 is £277k.
11. We will utilise existing staff resources post peak trading (after July). The immediate period will be used to engage procurement staff to ensure we comply with appropriate procurement contract regulations and seek value for money.

## **Conclusion**

12. To maintain the building and property to Leicestershire County Council's standards and to make some changes and improvements to essential operating requirements, ESPO requires a three to five year investment in a 'building maintenance and capital plan'.

## **Recommendation**

13. Members are asked to note the conclusion above and approve expenditure for 2015/16. Further reports will be brought forward to the Management Committee for consideration to commit expenditure from the Building Reserves for years 2016/17 and 2017/18 as appropriate.

## **Equalities and Human Rights Implications**

14. Planned maintenance of the building will improve the working environment for all staff and users of the Grove Park distribution centre.

## **Risk Assessment**

15. This project will be part of the overall Change Programme and will be subject to the same Health Check, including Risk Assessment protocols, as other change projects already underway.

## **Officer to Contact**

John Doherty, Director  
[J.Doherty@espo.org](mailto:J.Doherty@espo.org), 0116 265 7931

## **Appendices**

None