

DECISION REPORT TO CABINET MEMBER

From: Rebecca Spore, Director of Infrastructure

To: Brian Collins, Deputy Leader

Subject: Infrastructure Condition Survey Programme

Decision no: 26/00027

Key Decision: *It involves expenditure or savings of maximum £1m, significant effects on two or more electoral divisions.*

Classification: Unrestricted

Future Pathway of report: Cabinet Member Decision

Electoral Division: All divisions

Is the decision eligible for call-in? Yes

Summary: The report provides an update on the Council's current understanding of the condition of the corporate estate and associated condition spend backlog. It also sets out the next steps associated with the procurement of future condition surveys for both the corporate (circa 360 properties) and education estate (circa 350 properties)

Recommendation(s):

That the Deputy Leader consider the following proposal:

- 1) The establishment of a condition survey programme to ascertain the current condition status of property assets within the Council's education and corporate estate and inform future decision taking; and
 - 2) Delegate authority to the Director of Infrastructure, to take necessary actions, including but not limited to, entering into contracts and other legal agreements as required to deliver the programme in line with approved budgets.
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1. Introduction

- 1.1. Kent County Council operates on a corporate landlord model; this means that most of the corporate property estate is managed centrally by the Infrastructure directorate along with the management of the council's property responsibilities in relation to KCC's education estate. Some specialist asset portfolios where service is integrated with assets are managed by Directorates, though any action or decisions relating to them must be agreed with the Infrastructure Directorate.

- 1.2. Infrastructure ensures that management adheres to best practice and complies with Council's statutory duties, DFE guidance and requirements in relation to schools and the aims of KCC's adopted Asset Management Strategy 2024-2030.
- 1.3. The Council has a requirement for condition surveys to be carried out across all corporate buildings and its school estate to provide a comprehensive audit of all present assets and their condition which are essential to:
 - Inform capital and revenue investment prioritisation, resource and risk allocation.
 - Provide assurance in respect of compliance and health and safety risks to identify maintenance issues before they become major, expensive repairs, supporting a proactive approach rather than a reactive approach – therefore reducing the risk of building closures.
 - Inform depreciation and insurance assumptions.
 - Ensure that current condition assessments are available to inform budgeting returns to central government (such as the Department for Education for schools).
 - Ensure that Kent is in the best possible place to respond to any funding programmes that may be available.
- 1.4. These surveys inform prioritisation of limited capital enhancement budgets and support the maintenance of Warm Safe and Dry (WS&D) standards and minimising unplanned building closures due to condition issues.
- 1.5. The last programmed condition surveys were conducted in 2019-2022 and covered circa 70% of the corporate estate at the time.
- 1.6. Since this time, due to limited capital enhancement budgets, the overall condition of the estate is believed to have declined. In addition, transformation activity such as the Kent Communities Programme, has led to a change in the size and nature of the corporate estate.
- 1.7. This report provides an update on the current understanding of the condition of the corporate estate based on the previous surveys. The understanding in relation to the school's estate will be presented to the CYPE cabinet committee. The report also sets out the Council's intention in respect of updating condition survey data as part of ongoing estate management activity.

2. Background

- 2.1. Due to the volume of surveys required the Council commissions surveys via suitable qualified contractors. In addition to the corporate estate the Council is responsible for large numbers of schools across the County which are also managed by Infrastructure.
- 2.2. As a result of the total number of assets under management, it is preferable for the Council to commission via several separate providers to ensure adequate resourcing.

- 2.3. The Council must therefore give a clear specification which details the methodology and best practice to be adopted as part of surveys, and the format of return to ensure compatibility with asset management software.
- 2.4. During the last round of condition surveys, it was identified that information would need to be updated on a 3–5-year cycle to ensure the evidence base for decision taking remained robust, hence, the intention to recommence the programme in 2026. To ensure that the programme can be delivered within the current financial parameters it is proposed to update the surveys over a number of years.
- 2.5. Condition surveys serve several key purposes as set out above which include:

2.5.1. Verify the Council's understanding of building layouts to ensure any unregulated changes can be formalised separately – this is key to ensuring control over the estate and providing accurate information for accounting and audit purposes.

2.5.2. Identify any dangerous defects or health and safety issues which require immediate rectification.

2.5.3. Capture via photographic evidence and written information a clear picture of the building's condition.

2.5.4. Rank defects by severity and priority in line with nationally adopted best practice from central government, the A-D 1-4 rankings.

2.5.5. Identify and cost the works needed to rectify all identified defects to provide an accurate indication of the level of dilapidation of the Council estate.

2.5.6. Prioritise the spend, resources and risk required over the next 10-year period to comply with the Council's approach to asset management i.e. Warm Safe and Dry – minimising unplanned closures due to building failure.

Inform central government spending allocations (such as the returns required by the DFE) and funding programmes.

The difference between 2.5.5 and 2.5.6 should be noted as significant. It is the difference between the level of work and expenditure to return the estate to a good condition, addressing all elements of backlog maintenance per industry best practice and the level of expenditure to maintain the estate per the Council's current adopted strategy of Warm Safe and Dry through periodic investment.

- 2.6. The intention to recommence the programme this year aligns with the Council's planned transition to a new asset management system which has the facility for contractors to directly input information – avoiding administrative double handling and risk of errors introduced in upload – leading to a more efficient and robust process.

A key decision is required to support the future programme of condition surveys. While in-year expenditure is likely to fall within the limits of officer delegations, the aggregate spend with individual consultants over a multi-year period may exceed £1m and therefore requires a Key Decision.

3. Current condition of the Corporate Estate

- 3.1. It is important to distinguish between the total backlog condition figure, which represents the cost of addressing all known defects to return the estate to a good overall condition in line with industry best practice, and the Council's adopted approach of maintaining assets to a Warm, Safe and Dry standard. Under the Warm Safe and Dry approach, investment is targeted at safety-critical and compliance-related issues necessary to keep buildings operational, rather than addressing all elements of deterioration. While this approach has supported business continuity where possible in the short term, it has resulted in non-urgent works being deferred, contributing to the ongoing growth of the backlog condition liability over time.
- 3.2. The Council's adopted capital budget for periodic enhancement of the corporate estate is the Modernisation of Assets (MOA) budget, expenditure in nominal terms over the financial years since the 2021/22 surveys is outlined below:

(Nominal terms)	Modernisation of Assets Spend
2021/22 Outturn	£5,441,564.13
2022/23 Outturn	£11,375,268.92
2023/24 Outturn	£3,338,256.99
2024/25 Outturn	£5,757,653.39
2025/26 Forecast*	c£10.9m*
Total	c£36,812,740.39
	<i>*Subject to final accounts</i>

It should be noted that MOA is capital funding and the accounting rules apply to the definitions of capital and revenue e.g. a minor patch repair on a roof is revenue but a full roof replacement is allocated as capital.

- 3.3. The total 10-year corporate condition spend requirement from 2021/22 information was c.£165m, while required spend is not linear in nature, a requirement of around c.£16.5m pa to return the estate to a good and serviceable condition. The £165m 2021/22 projection if inflated by BCIS metrics to Q1 2026 prices would now equate to c£197m.
- 3.4. Due to budgetary constraints, over the last five years the Council has only spent c.44% of the above requirement, a shortfall of c.£46m. This expenditure has been necessarily directed towards works which prioritise Warm Safe and Dry standards, rather than taking a proactive approach to improving the condition of the estate. Non-urgent works is being deferred, even where timely intervention would represent a net cost reduction.
- 3.5. While this approach has maximised the likelihood of buildings remaining open and compliant, it has resulted in a continued degradation of the estate and therefore it is not believed the overall condition expenditure requirement will have reduced since 2021/22 levels, despite intervention to maintain Warm Safe and Dry status where possible. It is therefore likely that the backlog maintenance is greater than the £197m estimate above.
- 3.6. The Council has increasingly sought to factor in backlog condition avoidance into strategic asset business cases i.e. where buildings can be exited and

disposed of the total backlog condition spend has a positive impact on MOA budgetary pressures.

- 3.7. While there has been some reduction in the scale of the corporate estate since 2021/22, c50 property disposals, this is not sufficient to bridge the growing gap between total backlog and available budgets. In addition, while the vacant property estate is managed by Infrastructure it is not managed to Warm Safe and Dry standards due to the fact it is not occupied, therefore represents a marginal to nil reduction to MOA pressures.

4. Future condition survey programme

- 4.1. As noted above the Council is now coming up for 5 years since the conclusion of the last condition survey programme, therefore information in respect of both the condition of the estate and financial backlog is out of date and no longer forms a robust basis for future decision taking.
- 4.2. It is therefore intended to recommence the programme starting in Q3 2026. This programme will cover both the corporate estate and maintained education estate.
- 4.3. Due to the size of the estate and volume of surveys required it is anticipated that multiple contractors will be commissioned to carry out batches of surveys, with buildings prioritised based on:
- When they were last surveyed.
 - Awareness of asset changes or degradations since 2021/22.
 - Upcoming asset strategy decisions.
- 4.4. Due to the involvement of multiple contractors, the clear specification of process, detail, and format of return is imperative. Technical elements of the specification follow industry and central government best practices and are therefore well defined.
- 4.5. The Council is at the point of transitioning to a new asset management system, with capability for direct contractor input. Therefore, work is currently underway to ensure the final specification includes direct integration into the asset management system – avoiding unnecessary administrative double handling, and the introduction of errors in upload.
- 4.6. The Council has access to some contractors via the established Consultancy Framework which represents a Public Contract Regulations (PCR) compliant route to market, with value for money demonstrated as part of the establishment of the framework. To ensure value for money, and due to the bespoke nature of some requirements, it is intended to procure the majority of work via a framework tender.
- 4.7. Depending on the volume of work and capacity of consultants it may be necessary to bring others onboard via alternative PCR compliant routes which demonstrate value for money.

- 4.8. Based on knowledge of the estate and previous programmes it is considered that from a volume and cost basis work will be split broadly 1/3 corporate estate, and 2/3 maintained education estate.
- 1.1. While consideration was given to working with a single supplier to deliver the programme, the level of resource required and geographic spread across the County would increase the risk of the programme not being delivered to the pace required. By progressing with a framework tender the Council is able to work with approved suppliers while ensuring competitive tension is maintained.

5. Local Government Reorganisation

- 5.1. Given the potential proximity to Local Government Reorganisation (LGR), with a decision from the Secretary of State anticipated in July 2026 at the time of this report, consideration was given to a 'do nothing' scenario. This is not recommended.
- 5.2. Assuming the government does not change its timetable, it is anticipated that the Council in its current form will continue to exist until April 2028. Therefore, there will be a two-year period, at least, during which property decisions will need to be taken in the context of constrained budgets. The lack of up-to-date information on the condition of the corporate estate exacerbates the risk of unplanned and unmanaged building closures impacting front-line service delivery.
- 5.3. As LGR transitional dates approach the Council will also play a key role in facilitating the managed and orderly transition of asset ownership to newly created Council(s). Correct and accurate information on the condition of the estate is essential to this process.
- 5.4. In addition, up-to-date asset information plays a key role in wider transformation activity which will be delivered over forthcoming years, including informing business cases for co-location initiatives across the County.

6. Options considered

6.1. Option 1: Do nothing / delay surveys until Local Government Reorganisation

Under this option the Council would continue to rely on ageing condition data until the outcome of Local Government Reorganisation is confirmed. This would avoid short term revenue expenditure but would materially increase the risk of unplanned building failure, reactive and inefficient use of capital budgets, and disruption to service delivery as the Council would continue to rely on outdated information, contrary to estate management best practice and the expectations/requirements of the DFE in relation to schools. This would also increase the risk of associated with the identification of building deterioration (including compliance, defects and health and safety risks) which can lead to unplanned building closures within short term or health and safety issues not being dealt with swiftly. This option is not recommended.

6.2. Option 2: Ad hoc or tender for single supplier

This would risk inconsistent data formats, increased administrative burden for system uploads, and reduced comparability of results. Given the size and geographic spread of the estate, a single supplier is unlikely to have sufficient capacity to deliver the programme within required timescales – This option is not recommended.

6.3. Option 3: Procure condition surveys via multiple consultants via Procurement Act 2023 (PA23) / PCR compliant routes

Allows efficient compliant route to market via tested frameworks and existing contractual arrangements. This approach enables the Council to define a consistent specification and reporting format, ensures data comparability and system integration. By working with multiple pre-qualified contractors, the Council is able to ensure value for money, consistency of return and enable delivery at pace – This option is recommended.

7. Financial Implications

- 7.1. Annual spend is currently identified in core budgets with £750k revenue expenditure in education budgets and £400k in corporate budgets.
- 7.2. Length of programme: The programme will continue subject to existing budget approvals, with the decision to be revisited periodically every 3 years, or earlier subject to strategic changes in the management of the estate such as Local Government Reform.
- 7.3. Condition surveys will inform good estate management decisions supporting the Council's best value obligations.
- 7.4. While the programme represents an annual revenue commitment, already provided for within existing budgets, the availability of accurate and current condition data supports more effective targeting of the Council's capital maintenance budgets and reduces reliance on reactive and emergency works, which are typically higher cost and more disruptive.
- 7.5. The programme therefore plays a key role in supporting the Council's best value obligations by enabling preventative intervention where possible and reducing the financial and operational risks associated with unmanaged asset failure.
- 7.6. The programme also provides an accurate view of the backlog of the public estate as required by the DFE and informs the allocation of resources.
- 7.7. It should be noted that due to mobilisation the programme is unlikely to start before the Summer. Should other funding streams be available these would be utilised ahead of the base budget allocations.

8. Legal implications

- 8.1. Legal support will be procured via Legal Services to support any contracts which are required. Contracts will be awarded via a PA23 / PCR compliant route in full compliance with Spending the Council's Money policy.

9. Equalities implications

- 9.1. An Equalities Impact Assessment (EqIA) has been undertaken and identified no direct equalities implications arising from this decision. The EqIA will be updated as required as the project progresses.

10. Data Protection Implications

- 10.1. As part of this approval process Data Protection regulations will be observed.
- 10.2. Access to buildings will need to be facilitated which will be managed and coordinated by Infrastructure.
- 10.3. A Data Protection Implication Assessment (DPIA) screener has confirmed that there are no DPIA implications and that a further DPIA assessment is not required in respect of this decision.

11. Other corporate implications

- 11.1. The condition and maintenance of the corporate estate have a direct implication for the Council's place-based service delivery. The recommencement of the condition survey programme will identify priority repairs and inform future decision taking to ensure the Council meets its Warm Safe and Dry standard for the maintenance of the estate.
- 11.2. It also reduces the risk of unplanned building closures and supports the identification of building defects, compliance and health and safety issues which can have a significant impact on service delivery and public confidence for services users of both the corporate and school estate.
- 11.3. Failure to deliver the information required by the DFE may limit KCC's ability to secure and apply for funding.

12. Governance

- 12.1. Delegations will be granted to the Director of Infrastructure in consultation with the Deputy Leader to award contracts necessary to deliver the programme within the financial limits set out in this paper and approved budgets.
- 12.2. Oversight of the condition survey programme will be maintained through existing Infrastructure governance arrangements, with key outcomes and emerging risks reported as appropriate through member briefings and future

committee reports. The refreshed condition data will directly inform subsequent asset and capital investment decisions that are subject to member approval, ensuring continued transparency and democratic oversight.

13. Conclusions

- 13.1. This report provides a high-level update on the current status of the Council's corporate estate based on historic condition surveys conducted 5 years ago and the level of expenditure since these were conducted.
- 13.2. It highlights the importance of the Council maintaining up to date records on the condition of the estate, and the steps to be taken to recommence the condition survey programme commencing in Q3 2026. In the context of an ageing estate, constrained capital resources, maintaining an accurate and up-to-date understanding of the condition of the Council's assets is essential.
- 13.3. The condition survey programme represents a proportionate and necessary step to manage risk, protect service delivery, and support informed decision-making. Endorsement of the proposed approach will ensure the Council is better placed to meet its statutory responsibilities, deliver best value, and plan effectively for the future.

Recommendation(s):

That the Deputy Leader consider the following proposal:

- 1) The establishment of a condition survey programme to ascertain the current condition status of property assets within the Council's education and corporate estate and inform future decision taking; and
- 2) Delegate authority to the Director of Infrastructure, to take necessary actions, including but not limited to, entering into contracts and other legal agreements as required to deliver the programme in line with approved budgets.

14. Appendices

- 14.1. Appendix A – Proposed Record of Decision
14.2. Appendix B – EQIA

15. Contact details

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