

## Conservation Maintenance Programme (CMP) 2015/16 to 2022/23

### 1. Introduction

The “new model” for the National Heritage Collection assumes a high level of investment in the historic estate, in support of challenging business plan targets aimed at making the collection self-funding by 2022/23.

Broadly speaking, this investment can be split between commercial (or capital) investment, and maintenance (or revenue) investment. The Capital Investment Programme is covered within the Financial Case.

This paper focuses on the Conservation Maintenance Programme (CMP), and in particular the removal of conservation defects, identified through an ongoing cycle of systematic condition surveys and the development of an Asset Management Plan database.

Arguably, the most ambitious and radical component of the “new model” business plan anticipates the complete removal of c. £50m of conservation defects within 8 years of it coming into being (ie between 2015/16 and 2022/23). This is in addition to the c. £16m already spent each year, mainly on cyclical and response maintenance, and constitutes a complete transformation of our conservation programme.

This paper outlines the current status of the English Heritage Asset Management Plan (AMP), following the first phase of condition surveys, the current annual maintenance programme and projections for the future condition of the historic estate, based on a number of funding scenarios. It also looks at future delivery options for conservation maintenance, particularly in the event of a rapidly expanded CMP.

### 2. Key Background Information

English Heritage manages a portfolio of 420 historic properties, on behalf of the Secretary of State for Culture, Media and Sport (DCMS), under a Section 34 Direction. As well as making the properties accessible to visitors, English Heritage has a responsibility to maintain the properties, and has a stated objective of passing them on to future generations in at least as good a condition as we received them.

English Heritage’s annual budget for maintenance of the historic estate has been frozen at c. £16m for some years. Although this may seem like a positive position

in the context of dramatic reductions in Grant in Aid over the period, most dramatically in 2012, it actually represents a significant reduction in real terms.

Since 2005/06, the maintenance budget has been split between major and discreet conservation projects (the Property Conservation Programme) at c. £2-4m a year, and the more routine maintenance of the estate (the Property Maintenance Programme) at c. £12-14m, of which about two thirds was typically spent on historic fabric maintenance (as distinct from things like pathways or visitor facilities). These figures exclude those budgets ring-fenced each year for properties managed under Local Management Agreements (LMAs), and to manned security at properties.

In the absence of an AMP, the process for allocating budgets was usually zero-based, and refined to reflect priority works rather than historic allocations by territory or maintenance type. Priorities were determined using whatever condition survey information was available, along with site inspections where appropriate. Since condition surveys were not produced to a consistent standard, the apportionment of budgets could not be an exact science, and was too reliant on differing interpretations of defects, repair standards and relative priorities.

The 2007/08 maintenance budget saw an overall reduction of £650k, as part of the corporate drive to deliver a balanced budget, and the commitment to develop an AMP, which would inevitably need significant up-front resources. A sum of c. £250k had been committed in 2006/07, but the 2007/08, 2008/09 and 2009/10 budget for AMP was c. £1.5m in each year, seeing the actual spend on routine maintenance drop even further as a result (in other words, the investment needed to develop the AMP was not separate, but had to be found from within the maintenance budget).

Over the period, annual maintenance programmes have been developed and co-ordinated by an in-house team, using specialist term contractors to deliver against defined maintenance schedules.

### **3. The English Heritage Asset Management Plan**

By 2007/08, therefore, when the project to develop an AMP was developing real momentum, it had become all too apparent that (a) funding for maintenance was likely to continue to be frozen at best, and (b) that, particularly in that context, EH would need to be as certain as possible that finite resources were going towards the key maintenance priorities.

In order to gain that assurance, it was self-evident that a fail-safe means of identifying defects and relative priorities, against a bench-mark set of maintenance

standards, would need to be established. This would enable English Heritage to more effectively manage the twin risks, of loss of precious and irreplaceable historic fabric, and the health and safety of staff, visitors and contractors across the estate.

The EH corporate plan before last<sup>1</sup>, therefore identified the development of an AMP, for the purposes of planning and managing maintenance programmes, as a key priority. The AMP set out to give English Heritage a clear picture of:

- the condition and liabilities of the properties in its care;
- the works needed to bring them up to and maintain them in an agreed condition;
- an objective basis for budgeting for maintenance and repairs.

The AMP that we now have in place, resulted from three key stages of development:

#### **Step 1 – Condition Survey template**

The first stage of the process was to establish a consistent and reliable means of collecting data on the condition of the estate. A standard condition survey template was devised, for completion in a consistent written format to the English Heritage Minimum Standards of Maintenance, Conservation and Repair, by external and internal surveyors. The surveys were also to indicate the urgency of repair needed to resolve a defect – from Urgent through priority ratings 1 to 4. The new template was piloted at selected properties, using accredited conservation architects and surveyors. This new template was then used to produce full condition surveys for the first 100 properties by the end of 2007/08.

#### **Step 2 – Survey Programme**

An accelerated programme of condition surveys was then implemented, which led to each of English Heritage's 420 historic properties being fully surveyed using the new template by the end of 2009/10 (ie. in 3 years, rather than the 4 years typically expected as part of a quadrennial cycle). This, for the first time, established the full extent of the defects across the estate, based on consistently gathered data over a comparatively short period of time. It established that the maintenance deficit across the estate stood at c. £50m, taking account of urgent, priority 1 and 2 defects, but not priorities 3 and 4. The figure was also increasing annually, since the majority of English Heritage's annual maintenance budget was dedicated each year to cyclical and response works, with only around £4m committed to addressing defects each year through the Property Conservation Programme.

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<sup>1</sup> English Heritage's Strategy for 2005/2010, *Making the Past Part of our Future*

This is what the initial data from the survey programme told us by the end of 2009/10, showing Urgent, Priority 1 and Priority 2 defects by building type (Chart B and then by territory). The “Top 10” properties shown in the second chart, are those with the highest maintenance spend historically, rather than those with the most defects. (These properties are largely roofed sites with collections, and are predominantly in London and the South East, along with Wrest Park and Audley End in the East).

Chart B-1: Urgent, Priority and Priority 2 defects by building type

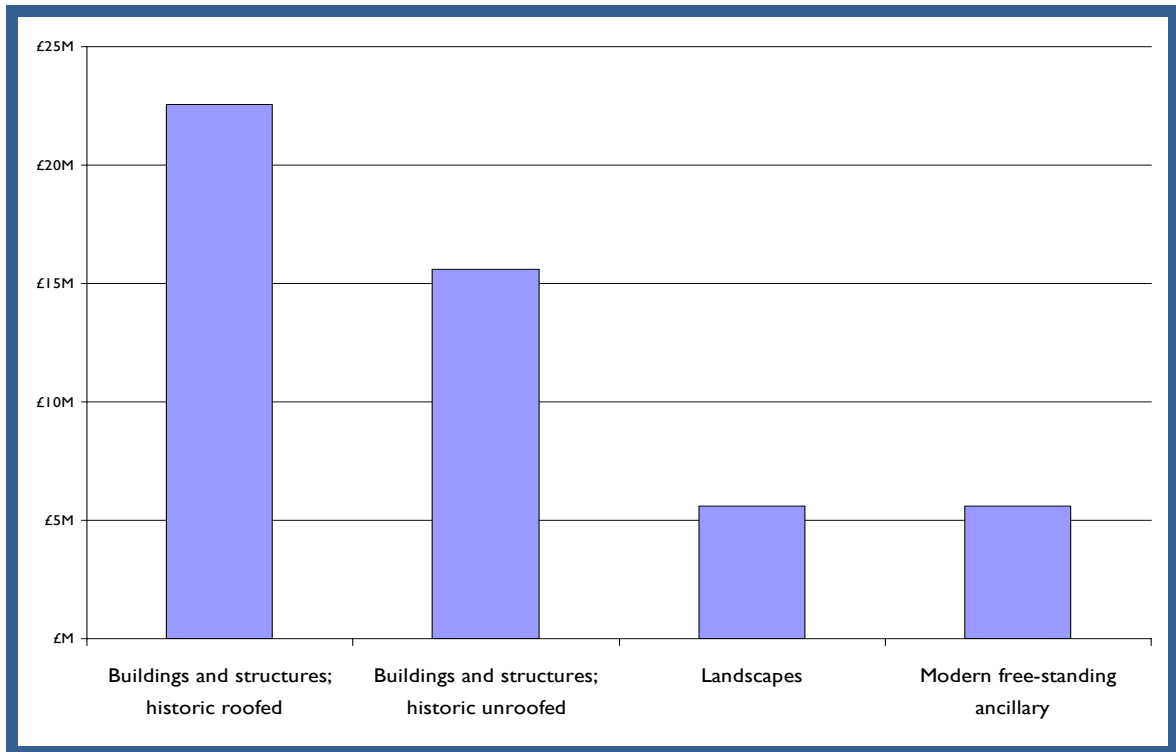
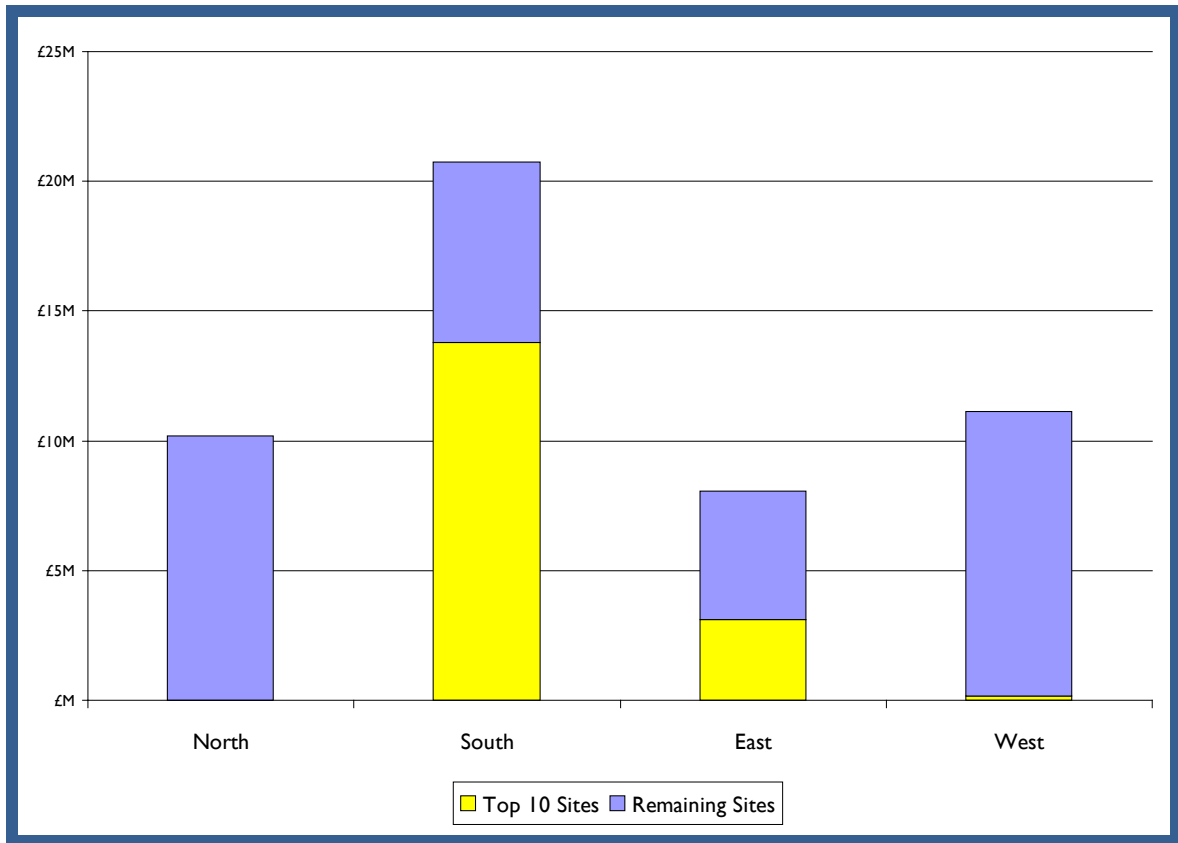


Chart B-2: Urgent Priority 1 and Priority 2 defects by territory



**Step 3 – database development**

In parallel, and indeed in conjunction, with steps 1 and 2, the AMP IT database was procured from a firm called Tribal. The system is called K2, and is an ‘off the peg’ system, but as an early adopter EH was able to influence its early development, such that there is a degree of bespoke design to suit the requirements of the client organisation. The key modules are Condition Survey (to capture the survey data), Maintenance (captures planned preventative maintenance tasks and scheduling) and Help Desk (captures and tracks response calls from EH staff).

All of the condition survey data is held in K2, and has provided the basis for the programme of maintenance and expenditure each year since 2010/11. It is also fundamental to the development of a longer-term strategy – the actual Asset Management Plan – the first of which covers the period from 2011 to 2015. The K2 database is fully operational and is managed by the Estates Programme Development Team (which co-ordinates all work programmes across the EH Estate, not just maintenance expenditure), with the support of EH’s Information Management Team (IMT) who pay an annual maintenance charge to Tribal for technical support and regular system updates. Although the development phase is complete, EH is able to keep K2 from becoming obsolete by taking new system releases from Tribal as updates become available, thus future-proofing the system.

With the survey programme and AMP database (K2) complete, 2010/11 became a year of transition, as the in-house teams familiarised themselves with the new systems and processes, so that the tangible benefits of the AMP were really felt in 2011/12 and 2012/13. The survey programme was suspended for 2010/11 to allow the system to bed in, and also to allow for improvements and refinements to the survey standard and process, and to the way the data was captured in K2.

## 4. Implementation

As things stand, English Heritage has a fully-populated AMP database (K2), based on consistently-gathered condition survey information, which sees each property updated at least every 4 years, or sooner if resources have been made available to address a defect. A new survey cycle started in 2011/12, with a small number carried out to test the revised survey standard and quality assurance process, and the data capture method. A full 3-year programme began again in 2012/13. The AMP has already been used to great benefit over the last 3 years (2011/12 to 2012/13), particularly in putting together coherent and logical annual maintenance programmes, as well as in defining the overall maintenance defects or 'back-log' for internal English Heritage use but also to make a compelling case to DCMS.

### **(a) How have we been using K2 since 2010/11?**

Our recent and current working assumption is that the maintenance budget will remain at £16m a year, and that the split of the £16m will remain consistent across the period, with £7m for cyclical maintenance and urgent response, £3m on grounds maintenance, £2m on security, DDA and H&S works, and £4m on planned projects (of varying sizes) to address maintenance defects and therefore to reduce the rate of increase to the maintenance backlog.

However, this split across the maintenance activities is likely to change over time, with cyclical and response budgets needing to increase annually in line with a percentage uplift specified in the term maintenance contracts (currently any increase is being offset by savings in this area, in line with targets from the corporate plan, which will not be available after 2013/14<sup>2</sup>).

Since 2010/11, our approach in terms of planned projects, has been to identify a single large conservation project at one of the "Top 10" properties each year,

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<sup>2</sup> Savings of £676k were made from the 2012/13 programme against cyclical maintenance budgets, with a corresponding reduction in response budgets of £135k. Planning for 2013/14 identifies savings of £207k against cyclical maintenance, and a reduction in response budget of £41k. Over the past two years, therefore, savings of £1059k have been released for reinvested in the management of defects

alongside a programme of small (less than £50k) and medium-sized (c. £200k) projects, all addressing urgent or priority 1 defects identified by the AMP. In this way we are able to benefit from the inherent economies of scale in tackling the majority of defects at a single property at the same time, whilst at the same time tackling defects across a broad range of sites and at differing values.

Where possible, repair work at sites has also been programmed to fit in with, and support, major projects as part of the Capital Investment Programme. Major properties which have benefited from this approach in recent years are Dover Castle, Westminster Abbey Chapter House and Kenwood, with Osborne and Audley End House likely to benefit over the next 2 years. In addition, it is worth noting that a 5% contingency sum remains unallocated at the beginning of each financial year, against any unforeseen threat to the monuments in our care. Two good example of this in recent years, would be the sudden subsidence of the abbey church at Furness Abbey, and the considerable engineering challenge of stabilising the monument as soon as possible, so that under-pinning options could be fully assessed, and the sudden collapse of part of the curtain wall at Rochester Castle following very heavy rainfall.

#### **(b) How are the annual programmes put together?**

The ongoing process of managing the maintenance defects, relies on the accurate and consistent capture of new defects, and the meticulous closure of existing defects on the system following remedial action.

The annual Conservation Maintenance Programmes are developed by the territory Conservation Maintenance Managers, in close consultation with the territory Property Curator and the relevant Historic Properties staff, using a closely defined prioritisation process set out in the first Asset Management Plan. The proposed programmes then go through a validation process co-ordinated by the Head of Conservation Maintenance, before the territory programmes are discussed and approved at Territory Property Steering Group (TPSG) meetings, with the national programme then approved by the Property Steering Group (PSG).

On top of the survey programme, new defects are also identified through scheduled PRIME (on-line safety management system) inspections, carried out routinely by Historic Properties staff, or as a result of maintenance inspections by the in-house Conservation Maintenance teams. These defects are reported through the K2 Help Desk module as a response maintenance request (ie. reactive rather than part of the planned programme). If a response maintenance item is not completed, usually due to budgetary constraints, it is automatically added to the defect work bank in K2. Over the last 12 month period, response calls via the Help Desk have been raised and then addressed to a value of c. £1.4m. Following

completion of projects the defects are closed down on the database, either by the Project Manager or the Conservation Maintenance staff.

**(c) What is the latest position?**

Since the first round of surveys was completed in 2010, a number of sites have had survey data refreshed and a number of defects have been remedied. However, the impact of this work has simply been to slow down the rate of increase to the back-log, rather than seeing the overall level of defects decrease.

The start point for the defects forecasts for historic assets has been taken from the actual defect cost report snapshot as at 6 January 2014, by territory, and split between Urgent, Priority 1 and Priority 2 works (see Table B-1 below).

Table: B-1: Defects Report

Priority			WEST	SOUTH EAST	NORTH	LONDON	EAST	Estate Total
			£k	£k	£k	£k	£k	£k
AMP Priority Defect	0	Urgent	1,162	1,295	294	684	395	3,830
AMP Priority Defect	1	Immediate / essential within months	4,742	7,132	1,740	1,796	3,282	18,692
AMP Priority Defect	2	Within two years	5,461	12,468	3,176	3,382	4,280	28,767
Territory total			11,365	20,895	5,210	5,862	7,957	51,289

**5. Forecasts**

This Appendix sets out three forecasts based on current data to show the impact of varying levels of funding on the historic assets.

These are:

Forecast 1: Base spend of £4m per annum plus £52m from the £80m allocation. This is the model which drives the Business case

Forecast 2: A reduction in the Base to £3m per annum plus the £52m from the £80m allocation

Forecast 3: A Base of £4m reducing by 3% per annum plus the £52m from the £80m allocation



Forecast 1- which is the assumption upon which the Business Case is based - shows that by year 11 (2024/25) the priority defect backlog has decreased to just under £9m. What it does not account for is the fact that after year eight the English Heritage Charity moves into surplus which will be allocated to further reducing the defects.

#### Forecast assumptions

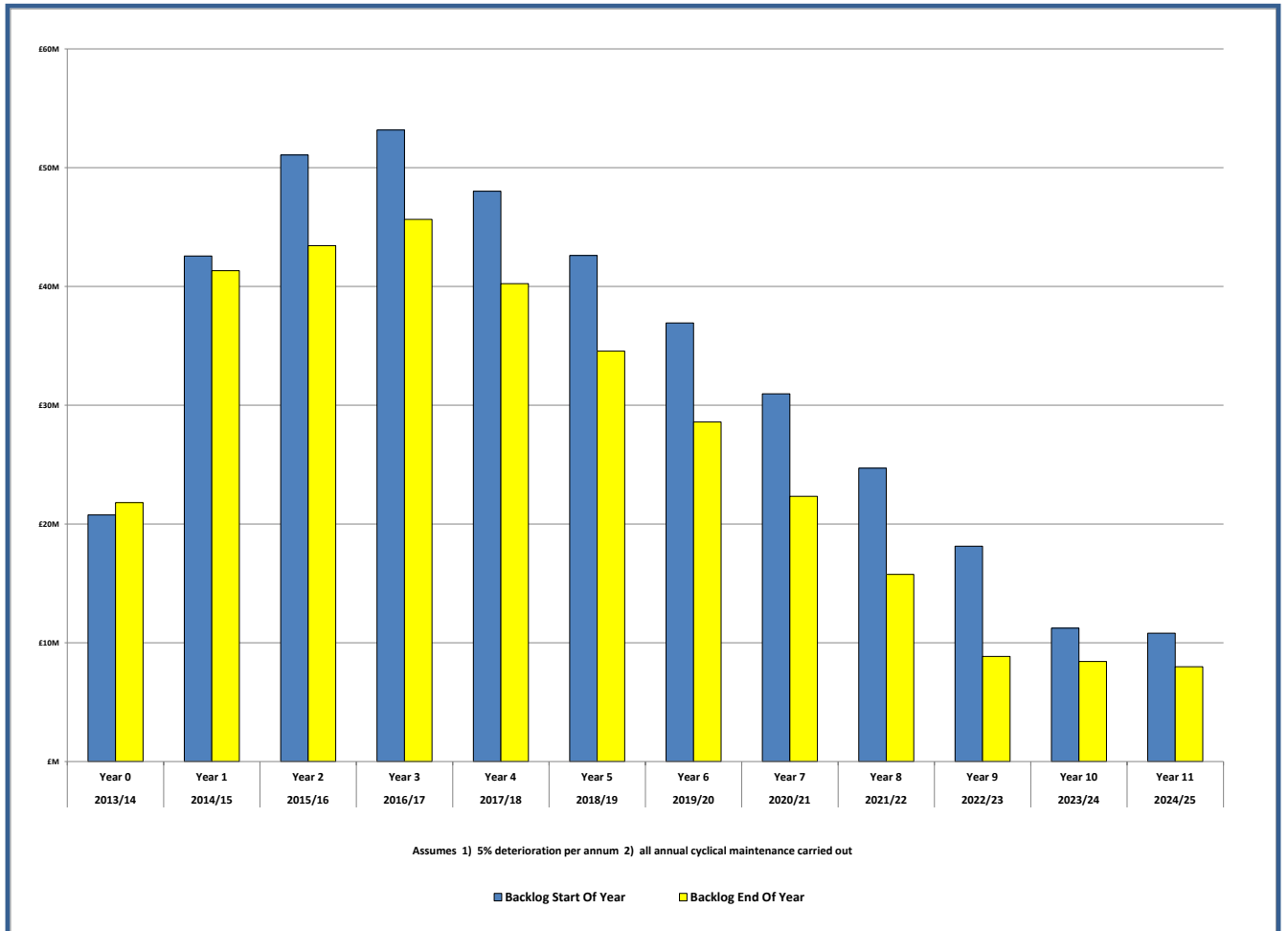
The following assumptions have been applied to the forecast shown:

- that each year a full cyclical maintenance programme is carried out;
- that c. £4m each year is targeted directly at the removal of identified defects (base line spend);
- that only Urgent, Priority 1 and 2 defects are shown;
- that these defects are selected in strict order of priority, with Urgent and Priority 1 work chosen first, and then Priority 2 work, subject to funding (although sensible packaging of works is undertaken where possible);
- during the forecast model period priority 3 and 4 defects will become priority 1 and 2 defects but will be selected in the order described;
- that any defects not tackled remain static (in other words, that they do not get any worse, and that they do not disappear through loss of fabric at risk);
- that no new defects are identified (in other words, that the level of defects at any given property remains constant between condition surveys);
- that each year the cost of addressing the remaining defects rises by 5%.

In addition to improve the forecasting and ensure compliance with the new model funding intention the following assumptions apply:

- that the £4m base line is targeted as follows: 80% to defects associated with historic assets, 15% to defects associated with landscapes, 5% to other assets.
- the additional new model funding is targeted 100% to historic assets.

**Forecast 1 – Base line spend is £4m p.a. and from 2015/16 to 2022/23 an additional £52 million (£6,500,000 p.a.) from new model funding**



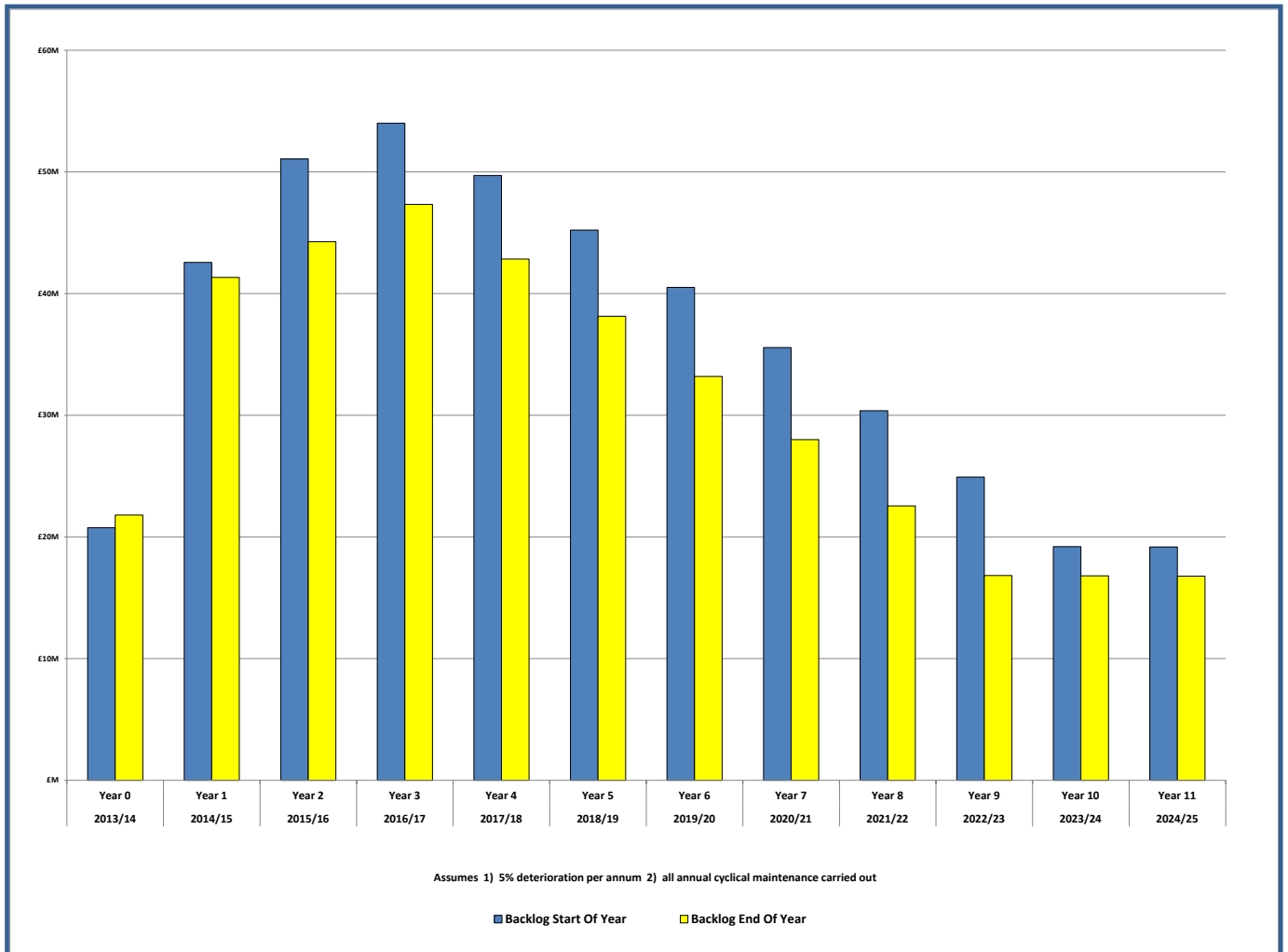
The table is indicative and it shows that with the new model funding by the end of 2022/23 the priority defect backlog has decreased to just under £9 million.

This level is then maintained for a further 2 years after the additional funding has ceased.

In this forecast the cost of all priority defects amounts to £26 million when all asset types are included.

**Forecast 2** – shows the impact of a £1 million p.a. cut to grant in aid reducing the base line spend from £4 million to £3 million from 2015/16 to 2021/22 (a £7 million reduction overall).

New model funding from 2015/16 to 2022/23 gives an additional £52 million (£6,500,000 p.a.) as per forecast 1.

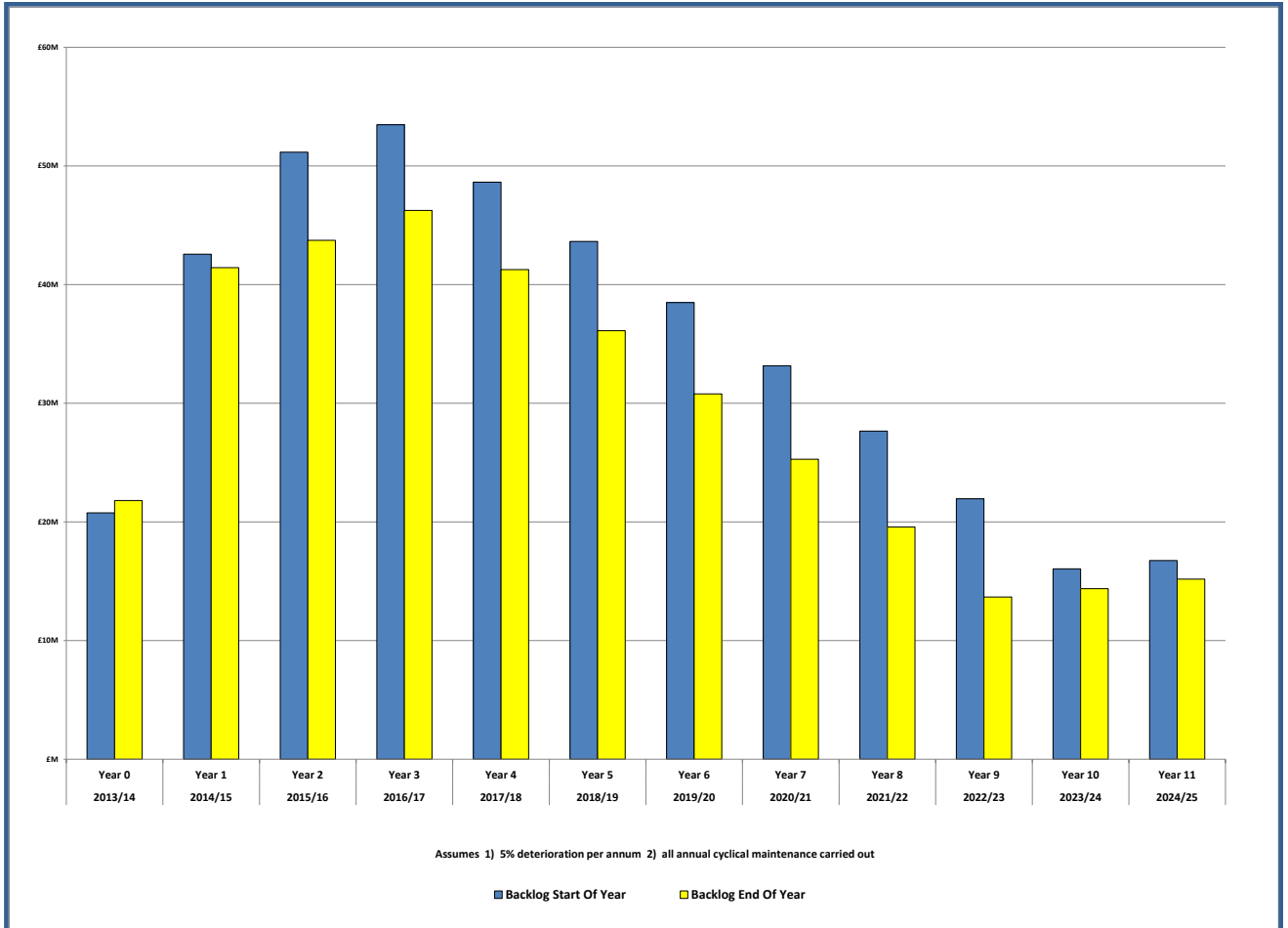


The table is indicative and it shows that with the new model funding by the end of 2022/23 the priority defect backlog has decreased to just under £16 million. This level is maintained for a further 2 years after the additional funding has ceased. The impact of a £7 million funding reduction is that the defects have been increased by an equal amount.

However, it is important to note that in this forecast the overall cost of priority defects for **all** assets is £37 million as opposed to £26 million in the first forecast, an £11 million difference.

**Forecast 3** – shows the impact of the base line £4 million reducing by 3% pa to account for the increase in the cost of cyclical maintenance.

New model funding from 2015/16 to 2022/23 gives an additional £52 million (£6,500,000 pa) as per forecast 1.



The table is indicative and it shows that with the new model funding by the end of 2022/23 the priority defect backlog has decreased to just under £14 million.

The trend then indicates an increase to the cost of priority defects by around £1 million p.a. for the following two years.

However, it is important to note that in this forecast the overall cost of priority defects for **all** assets is £33 million as opposed to £26 million in the first model, a £7 million difference.

## 6. Summary of Headlines and Possible Scenarios:

- We already have excellent data about the condition of our estate, and this has improved our decision-making and prioritisation over the last 3 years.
- The second survey programme will see the data improve even further, as our condition survey templates and quality assurance processes are refined.
- Creation of the virtual estate, in parallel with the second survey programme, will further enhance the data, making the system more precise and user-friendly.
- Again in parallel, the re-tendering of our term cyclical and response maintenance contracts, using updated maintenance schedules for each property, will ensure the best value for money and the highest affordable standard of work.
- In short, if our maintenance budgets remain frozen – a decline in real terms – we can be confident that we are using those resources as effectively as possible.

### **But:**

- The ability of K2 to forecast the impact of various funding scenarios, paints a bleak picture should funding remain at current levels.
- Small increases in the available budgets will only have a marginal effect, either by arresting the increase, or by chipping away at the backlog at a painfully slow pace – during which time irreplaceable historic fabric will continue to be at risk.
- Only very significant additional investment, at least doubling the existing spend on defects removal, will see the defects reduced to a more acceptable level.

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