

 Executive 5th April 2017		Agenda Item No. 9
Report Title		Corporate Property Repair and Planned Maintenance Programme 2017/18
For further information about this report please contact		Russell Marsden Assets Manager russell.marsden@warwickdc.gov.uk 01926 456 038
Service Area		Chief Executive's Office (Assets Team)
Wards of the District directly affected		All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?		No
Date and meeting when issue was last considered and relevant minute number		Executive , 9 th March 2016, minute number 121
Background Papers		Corporate Property Planned Preventative Maintenance Programme 2016/17, Executive 9/3/16; background working papers, Asset Maintenance Group minutes

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes Ref 850
Equality & Sustainability Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
Officer Approval	Date	Name
Deputy Chief Executive	10/3/17	Bill Hunt
CMT	10/3/17	
Monitoring Officer	10/3/17	Andrew Jones
Head of Service		Bill Hunt
Section 151 Officer	10/3/17	Mike Snow
Portfolio Holder(s)	20/3/17	Cllr Peter Phillips
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

- 1.1 This report proposes that budget provision of £1.7m is made available in 2017/18 to continue the Council's investment in its corporate property assets.
- 1.2 To allow members to ensure that the Council is spending the budget effectively the report provides the rationale for the proposed allocation of works against the budget.

2. **RECOMMENDATIONS**

- 2.1 That Executive approves the proposed budget allocation of £1,740,800 for the 2017/18 Corporate Property Repair and Planned Maintenance Programme, as set out in Table 1 in Section 5 of this report, to fund the list of proposed works set out at Appendices One and Two.
- 2.2 That, subject to approval of recommendation 2.1, Executive agrees to release up to a maximum of £266,800 from the Corporate Asset Reserve to support the 2017/18 programme.
- 2.3 That Executive notes that the 2017/18 budget includes £485,600 for works previously included within the 2016/17 budget but which have been subject to slippage for the reasons set out in paragraph 3.5.
- 2.4 That Executive agrees that the Assets Manager, in consultation with the Deputy Chief Executive (BH) and the Procurement Manager, is authorised to procure the works as per the Code of Procurement Practice.
- 2.5 That Executive delegates authority to the Deputy Chief Executive (BH) and the Head of Finance, in consultation with the Finance Portfolio Holder and the Leader of the Council, to approve any amendments to the proposed programme of works listed at Appendix One or Appendix Two and/or revisions to the amount of budget allocated for specific schemes, provided these can be accommodated within the overall budget of £1,740,800.

3. **REASONS FOR THE RECOMMENDATIONS**

- 3.1 The overall budget allocation for the Council's Corporate Property Repair and Planned Maintenance Programme supports two areas: Firstly, a Planned Preventative Maintenance programme (PPM), informed by stock condition data that builds an annual programme of managed works. This enables the Council to proactively maintain all existing assets in a sound condition until future decisions are made in respect of the asset base as part of the Corporate Asset Strategy which is currently being worked on. Secondly, the remaining element of the budget supports front-line responsive or cyclical maintenance, delivered by the in-house Warwick Plant Maintenance team (until June 2017 when the team will transfer to the new leisure centre operator under the TUPE scheme) or external contractors.
- 3.2 The proposed budget allocation for 2017/18 is based on a review of the PPM data, by officers within the Assets Team (formerly part of the old Housing and Property Services service area but now part of the Chief Executive's Office) in consultation with building managers from other service areas which hold or operate specific assets.
- 3.3 The recurring base budget for Corporate Property Repair and Planned Maintenance was set at £988,400 for 2017/18 in the February budget setting

report. However subsequent evaluation of the PPM data has identified a number of works that should be brought into the 2017/18 financial year in order to enable the efficient packaging of works and to maintain operational capability of the assets. As such it is proposed that the base budget for the year is increased to £1,255,200 to accommodate these additional works (see Table 1 in Section 5).

- 3.4 Expenditure at this level will require the release of £266,800 from the Corporate Asset Reserve, in order to supplement the recurring base budget to the full amount required by the 2017/18 PPM. If these funds were not released from the Reserve, some works detailed within the PPM would have to be delayed to future financial years.
- 3.5 The slippage of works from 2016/17 PPM is the result of several factors, including the significant staffing changes within the former Housing & Property Services service area during the last financial year, adverse weather, the availability of suppliers, and in-year decisions to defer works to future years in order to maximise programme and/or minimise service disruption.
- 3.6 Subject to approval of recommendations 2.1 – 2.3 the works will be procured in accordance with the Council's Code of Procurement Practice, with advice and input provided by the Procurement Manager as appropriate.
- 3.7 The cost of the proposed programme is an estimate at this stage based on the PPM and stock condition surveys undertaken to date. The allocations for each specific element of the programme, as set out in the appendices, are therefore indicative only. Past experience is that these allocations are liable to change as the works are procured and/or progress on-site. In previous years it has been found that, rather than attempt to address this volatility by building a contingency into the budget, a more effective and flexible means of managing the programme is through the use of the delegated authority, proposed in recommendation 2.5. This allows for the programme to be managed within the overall budget allocation for the year and, in addition to allowing changes to the indicative allowances to be managed, provides the flexibility needed to ensure that as service priorities evolve or new opportunities emerge during the course of the financial year the programme can be re-profiled to ensure that the Council achieves the maximum value for money from its investment in its corporate assets.

4. **POLICY FRAMEWORK**

- 4.1 The recommendations assist with two of the strands of the internal element of the Fit for the Future Programme which are: Services - to maintain or improve the quality and the range of services that the Council directly provides; and Money - achieving efficiency, and cost savings and/or increased income to meet the significant financial challenges the Council faces.
- 4.2 The proposed allocations directly support the maintenance and improvement of the Council's corporate assets that form part of the cultural offer available to residents and visitors in support of the Council's Vision of Warwick District being a great place to live, work and visit.
- 4.3 The recommendations are also consistent with the need to ensure that we invest in our assets to ensure they remain fit for purpose and meet all health and safety and other legislative requirements.

5. BUDGETARY FRAMEWORK

- 5.1 The Corporate Property Repairs and Planned Maintenance Programme budget requirement for 2017/18 is £1,740,800 as set out in Table 1 below. This incorporates work as part of the Planned Preventative Maintenance programme (PPM), Warwick Plant Maintenance (to 31 May 2017), Responsive Repairs and Cyclical Maintenance, and Slipped Works from 2016/17.

Work	Budget £	Expenditure programme £	Variance £
PPM	420,500	687,300	266,800
Warwick Plant Maintenance	24,200	24,200	0
Responsive and Cyclical Maintenance	543,700	543,700	0
2017/18 Maintenance Total	988,400	1,255,200	266,800
Slipped Works form 2016/17	485,600	485,600	0
TOTAL (inc. Slipped Works)	1,474,000	1,740,800	266,800

Table 1

- 5.2 Details of the estimated expenditure per asset of the 2017/18 PPM Programme can be found in Appendix One.
- 5.3 Works slipped from 2016/17 were originally allocated budget as per the March 2016 Corporate Property PPM report, agreed by Executive, and are detailed in Appendix Two. This budget has been carried forward to 2017/18.
- 5.4 To finance the remaining works £266,800 would need to be released from the Corporate Asset Reserve for 2017/18. The Corporate Asset Reserve is currently forecast to total £1,377,200 (before any funding for 2017/18 Planned Project Work). Funding the proposed 2017/18 works would reduce the reserve to £1,110,400.
- 5.5 The Responsive and Cyclical Maintenance budget allocation of £543,700 covers general building repairs, including mechanical and electrical repairs to the operational and non-operational assets. This budget has been reduced from £615,700 in 2016/17 as a result of the leisure centre transfers.
- 5.6 Warwick Plant Maintenance is budgeted up to 31 May 2017, as these staff will be TUPE transferred as part of the Leisure Options project. The Council will no longer have a dedicated in-house team of engineers, with any non-leisure centre works being incorporated into existing contracts and budgets.
- 5.7 The programmes and budgets will be monitored on a monthly basis as part of the Council's budget management measures. The budget will be overseen by the Asset Maintenance Group. Part of the monitoring process will be to identify if any other works need to be brought forward during the year. The monitoring will determine if the budget situation means they need to replace any of the items set out in Appendix One but potentially, if any of the proposed schemes slip or come in under budget, they could be additional to the approved list of works. Conversely if approved schemes come in over budget so that the budget would be insufficient to undertake all the approved work the monitoring will be used to determine which works are appropriate to be deferred to future years.

6. RISKS

- 6.1 The programme is itself a primary means of risk mitigation for the Council. The proposed allocations are recommended to ensure that the Council's corporate assets remain fit for purpose and meet all health and safety and other legislative requirements. The proposals are intended to limit the Council's exposure to contingent major repair costs, third party claims, and enforcement action from governing bodies (e.g. HSE) while ensuring service continuity.
- 6.2 The risk of not adopting the proposed budget allocation is that the corporate assets will fall into disrepair and will no longer be fit for purpose increasing the Council's exposure to the categories of risk outlined in paragraph 6.1 above.

7. ALTERNATIVE OPTION(S) CONSIDERED

- 7.1 The Corporate Property Repair and Planned Maintenance Programme could be reduced to a level that only supports necessary responsive repair works. However, it is considered that this approach would risk reducing the performance of the assets with the lack of a managed approach preventing underlying degradation of the building fabric to be proactively addressed. This would store up longer-term, potentially more costly maintenance liabilities that would have to be addressed in future budget setting.
- 7.2 Members could choose to recommend that only work covered by the recurring base budget should be undertaken, and to not take the additional money from the Corporate Asset Reserve to cover the full 2017/18 programme. However, officers consider that it would be prudent to fully fund the 2017/18 programme as this will ensure that the Council is undertaking preventative maintenance efficiently and that it will reduce the risk of diminished building operational performance by making use of available budget within the Corporate Asset Reserve.

Appendix One

Corporate Property Planned Preventative Maintenance Programme (PPM) works
2017/18

Operational Building Fabric

Asset	Estimated Value	
Abbey Fields Outdoor Pool	£	10,000
Town Hall	£	72,500
Royal Spa Centre	£	87,000
Royal Pump Rooms	£	36,500
Oakley Wood Crematorium	£	5,000
Jephson Gardens & Temperate House	£	26,000
Victoria Park Bowls Pavilion	£	16,500
Victoria Park Tennis Pavilion	£	48,000
Abbey Fields Barn	£	60,000
Oakley Wood Crematorium	£	50,000
Minor Works (items below £2,000) at Kenilworth and Milverton Cemeteries	£	4,000
	Sub Total	£ 415,500

Non-Operational Building Fabric

Asset	Estimated Value	
8 Clarendon Avenue	£	18,000
The Royal Navy Association	£	8,500
Althorpe Business Hub	£	12,000
Minor Works (items below £2,000) at Shakespeare Avenue and The Precinct	£	2,500
	Sub Total	£ 41,000

Mechanical & Electrical

Asset	Estimated Value	
Jephson Garden Restaurant	£	5,000
Royal Pump Rooms	£	10,000
Victoria Park Tennis Pavilion	£	5,000
	Sub Total	£ 20,000

Open Spaces

Asset	Estimated Value	
Abbey Fields	£	17,000
Castle Farm Recreation Area	£	6,000
Cublington Waterworks Park	£	62,000
Kenilworth Cemetery	£	15,000
Kenilworth Common	£	2,500
Priory Park	£	2,500
Saltisford Common	£	10,000

St Mary's Lands	£	10,000
St Nicholas Park	£	31,000
Stamford Gardens	£	4,000
Victoria Park	£	4,000
Minor Works (items below £2,000) at Cox's Orchard, Edmondscote Track, Harbury Lane Path, Hatton Park, Knowle Hill, Littleton Close, Macbeth Approach, Midland Oak, Mill Gardens, Milverton Cemetery, Myton Fields, Newbold Comyn, Parliament Piece, Riverside Walk, School Lane, St Magdalene Church, St Michael's Church, The Dell, Townsend Meadow	£	14,000
Sub Total	£	178,000

Car Parks

Asset	Estimated Value	
Square West	£	5,000
Chandos Street	£	3,000
Priory Road	£	4,000
St Marys Area	£	3,500
The Butts	£	6,300
Minor Works (items below £2,000) at Abbey End, Abbey Fields, Adelaide Bridge, Bath Place, Bedford Street, Court Street, Packington Place, Rosefield Street, Castle Lane, Myton Fields, New Street, St Nicholas Park, West Gate, West Rock car parks	£	7,000
Sub Total	£	28,800

2017/18 PPM TOTAL	£	687,300
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Appendix Two

Corporate Property Planned Preventative Maintenance Programme 2017/18 Works Slipped from 2016/17

Operational Building Fabric Slipped Works

Asset	Estimated Value
Abbey Fields Public Toilets	£ 7,000
Royal Pump Rooms	£ 18,000
St Nicholas Park Leisure Centre	£ 12,000
Town Hall	£ 31,000
Royal Spa Centre	£ 8,000
Royal Pump Rooms	£ 20,500
Oakley Wood Crematorium	£ 5,000
Leamington Cemetery	£ 8,000
Minor Works (items below £2,000) at Abbey Fields and Castle Farm	£ 3,600
Sub Total	£ 113,100

Open Spaces Slipped Works

Asset	Estimated Value
Pageant and St Nicks Gardens Slipped	£ 180,000
Riverside Walk	£ 4,000
Rushmore Street	£ 3,500
Abbey Fields Park	£ 8,500
Sub Total	£ 196,000

Non-Operational Building Fabric Slipped Works

Asset	Estimated Value
Jubilee House, Kenilworth	£ 30,000
Albion Street	£ 3,500
10 Hamilton Terrace and 44-46 Regent Street	£ 23,000
Warwick Cemetery Lodge Birmingham Rd	£ 6,000
North Lodge, 116 Brunswick Street (NFA)	£ 6,000
Former Dole House, Spencer Yard	£ 66,000
4 Jury Street	£ 2,500
Kennedy Square	£ 11,000
Market Street	£ 5,500
36 Market Place	£ 3,000
Warwick Cemetery Lodge Birmingham Rd	£ 6,000
South Lodge Cemetery Leamington	£ 6,000
Minor Works (items below £2,000) at Church Walk, Shakerspeare Avenue, St Margarets Road, Royal Navy Association, Saltisford Canal, St Nicholas Park Boating Centre & Café, Althorpe Business Hub, Leamington Boat House, Myton Kiosk, The Precinct	£ 8,000
Sub Total	£ 176,500
PPM SLIPPAGE TOTAL	£ 485,600