

 Executive 3 April 2019		Agenda Item No. 8
Report Title	Corporate Property Repair and Planned & Preventative Maintenance Programme (PPM) 2019/20	
For further information about this report please contact	Steven Partner Assets Manager Steve.partner@warwickdc.gov.uk 01926 456048	
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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, 5 th April 2018 Minute 150	
Background Papers	Corporate Property Planned Preventative Maintenance Programme 2018/19, Executive 5/4/18; background working papers	

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 1,009
Equality & Sustainability Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
Officer Approval	Date	Name
Deputy Chief Executive	28/2/19	Bill Hunt
CMT	4/3/19	
Monitoring Officer	4/3/19	Andrew Jones
Heads of Service	11/3/19	Robert Hoof, Rose Winship, Dave Barber
Section 151 Officer	4/3/19	Mike Snow
Portfolio Holder(s)	7/3/19	Cllr Peter Phillips
Consultation & Community Engagement		
n/a		
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 £2,215,400 is made available in 2019/20 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 and 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 £2,215,400 for the 2019/20 Corporate Property Repair and Planned & Preventative Maintenance (PPM) Programmes, as set out in Table One in Section 5 of this report, to fund the list of proposed works set out at Appendices One and Two.
- 2.2 That Executive notes that the proposed 2019/20 budget includes £79,000 for works previously included within the 2018/19 budget but which have been subject to slippage for the reasons set out at paragraph 3.4.
- 2.3 That Executive approves the draw down of funding from the Corporate Asset Reserve of up to £943,500 to support the 2019/20 programme, as set out in paragraph 5.3
- 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 proposed works as per the Code of Procurement Practice.
- 2.5 That Executive delegates authority to the Assets Manager, 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 PPM budget allocation of £1,438,000, as set out in Table One.
- 2.6 That Executive notes that work will be undertaken during 2019/20 to develop a detailed 5-year PPM programme, within the overall indicative 30-year programme, for the corporate property assets and that a further report detailing how this programme should be funded will be presented to a future meeting.

3. **REASONS FOR THE RECOMMENDATIONS**

- 3.1 The overall budget allocation for the Council's Corporate Property Responsive Repair & Cyclical Maintenance Programme and its Planned & Preventative Maintenance (PPM) Programme has hitherto been informed by stock condition data and contained in a 5-year PPM plan, for which 2018/19 was the final year.
- 3.2 This expenditure has enabled the Council to proactively maintain all existing corporate assets (i.e. all assets owned by the Council other than its Housing Revenue Account homes, shops, garages and land) in a sound condition unless or until any future decisions are made in respect of individual assets through a Corporate Asset Management Strategy.

- 3.3 The proposed budget allocation for 2019/20 is based on a review of historic responsive and cyclical repair data and a review of the current PPM data by officers within the Assets Team, in consultation with building managers from other service areas which hold or operate specific assets. The Proposed Corporate Property & Planned Preventative Maintenance (PPM) Programme works 2019/20 is set out at Appendix 1 to this report.
- 3.4 For 2018/19, the total budget was £1,668,800. This was split between the Repair element of the budget totalling £656,600 and the PPM programme totalling £1,012,800 (which included £595,000 for work slipped from 2017/18). The majority of the PPM programme work has been completed or, in respect of some the slipped work from 2017/18 found on inspection not to be required as the work had already been carried out utilising other budgets. Consequently and unlike previous years there is minimal slippage of works into the new financial year's budget. A major driver for the Assets team re-design was to ensure that additional resource was added to the surveying team to achieve this outcome and the impact on the 2018/19 programme demonstrates that a higher cost programme for 2019/20 will be deliverable.
- 3.5 During the financial year the budget provision was varied, initially with the inclusion of £115,400 of earmarked reserve for the Repair element of the budget for work that had not been completed by the end of the previous year and subsequently with the allocation of a further £136,400 to this element of the budget as part of the Budget report, to reflect budgetary pressures that had emerged during the year. The amended budget, therefore totalled £1,920,600 and the projected outturn for 2018/19 is currently estimated as £1,917,400, marginally below budget.
- 3.6 In terms of the 2018/19 budget the PPM programme will have come in under budget. This is due to a combination of factors: better prices than the initial indicative costs approved in last year's report being achieved on some projects; the omission of works scheduled for the Leisure Centres; the re-allocation of works to HRA owned shops to the HRA budget; the omission of works already been completed as part of an urgent responsive repair; and the omission of works to the Victoria Park cricket pavilion that will be now be planned as part of a wider programme of work related to the Commonwealth Games project.
- 3.7 In contrast the Corporate Property Repair programme element of the budget experienced budgetary pressures during the year. Again this was due to a number of factors: major structural works were identified at 26 Hamilton Terrace with significant movement to the rear wall requiring urgent work to prevent it being classed as a dangerous structure; unanticipated expenditure on repairs to the fountains in Jephson Gardens; unanticipated repair requirements for the Oakley Wood cremators; and pressures arising from the PPM slippage in previous years which required some works to be done on a responsive rather than planned basis. As a result of these pressures the base budget for 2019/20 was reviewed as part of the budget setting process and increased to £777,400, as explained in Section 5. The increased Repair budget and the enhanced PPM programme is anticipated to mean the overall budget will not come under the same pressures in the coming year.
- 3.8 There will be some PPM work that is not practically complete at year end and budget will be set aside through the normal Earmarked Reserve process. As stated above, the proposed £79,000 of slippage into the 2019/20 programme is

minimal compared to previous years but is necessary to account for those elements of the 2018/19 programme that have either not been able to commence for unavoidable reasons or which have commenced but not finished due to unavoidable delays. The specific items of slipped work, shown in summary at Appendix Two are:

- Abbey Fields car park (indicative cost £5,900) – work could not be commenced until authorisation received from Heritage England as the car park overlays a designated Scheduled Monument. Following the required consultation process consent has been received but was not issued in time to allow commencement in 2018/19
- Assembly Rooms, Town Hall (indicative cost £5,600) - the sanding and resealing of the floor was deferred at the request of the client service area to assist in their facility management of the building and allow the accommodation of existing bookings
- Pump Rooms (indicative cost £4,800) – work to the staff kitchen has been deferred to allow it to be incorporated with other proposed kitchen improvements in the current year programme to facilitate better value for money being achieved.
- Abbey Fields Barn (indicative cost £57,900) – although work to the scheduled Ancient Monument started in 2018/19 delays caused by adverse weather mean the bulk of the expenditure will fall into 2019/20.
- Newbold Comyn park – (indicative cost £4,000) – work to repair a wall has been delayed due to a change in the specification

3.9 The base budget for Corporate Property Repair and PPM works was set at £1,192,900 for 2019/20 in the February 2019 Budget setting report. The total cost of proposed work for 2019/20 (excluding the £79,000 slippage) is £2,136,400 and accordingly there is a requirement to draw down £943,500 from the Corporate Asset Reserve. This draw down is to facilitate the proposed 2019/20 PPM budget of £1,359,000, as shown in Table One in Section 5.

3.10 Subject to approval of recommendations 2.1 to 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 Team as appropriate.

3.11 As with previous years, the cost of the proposed PPM programme is an estimate based on the stock condition surveys undertaken to date and the allocations for each specific element of the programme as set out in Appendices One and Two are, therefore indicative only. As part of the procurement process for individual elements of the programme further detailed surveys will be undertaken and the cost allocation for individual items amended accordingly.

3.12 This process means that the indicative allocations are liable to change. 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 to bring forward, omit or defer works, provided this can be contained within the overall £1,438,000 budget allocated for the PPM programme, as proposed in recommendation 2.5. This allows for the programme to be managed within the overall budget allocation for the year and 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.

- 3.13 A full review of the forward programme for the next 5 years (as part of the overall 30-year programme) will be undertaken in 2019/2020 in conjunction with the emerging Asset Management Strategy, which is scheduled to be presented to Executive in September 2019.

4. **POLICY FRAMEWORK**

The Corporate Property Repair and Planned & Preventative Maintenance Programme 2019/20 report forms part of the Budgetary Framework for implementing Fit for the Future. This report is in accordance with the Council's Financial Strategy as last approved by the Executive in February 2019.

4.1 **Fit for the Future (FFF)**

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report shows the way forward for implementing a significant part of one of the Council's key projects.

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces. All communities have access to decent open space. Improved air quality. Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy. Increased employment and income levels. Vibrant town centres. Improved performance/productivity of local economy.
Impacts of Proposal		
Ensures corporate properties are suitable for users, meeting their needs.	Budgets set to ensure open spaces are maintained to a high standard and the buildings used by the public are safe.	Corporate properties are maintained to ensure that they can be used in ways that support the District is a place where people will want to live, work and visit.
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools. All staff	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes	<u>Intended outcomes:</u> Better return/use of our assets. Full Cost accounting Continued cost

are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours.	Increase the digital provision of services	management. Maximise income earning opportunities. Seek best value for money.
Impacts of Proposal		
These General Fund budgets provide the necessary resources to achieve these outcomes	Enables needs to be met, and support improvement of services relating to Council Corporate Properties.	Ensures property assets remain suitable to meet service provision and the overall strategy of the Council.

The strategy has 3 strands – People, Services and Money and each has external and internal elements to it. A key output of the Fit for the Future programme is ensuring that the Council achieves the required savings to enable it to set a balanced General Fund Budget whilst maintaining service provision and the proposals in this report meet that requirement. The table below illustrates the impact of this proposal, if any in relation to the Council’s FFF Strategy.

4.2 Supporting Strategies

Each strand of the FFF Strategy has several supporting strategies. 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 Changes to Existing Policies

The budgets proposed are in accordance with existing policies. The report does not propose any changes to Council policies.

5. BUDGETARY FRAMEWORK

5.1 The Corporate Property Repair and Planned & Preventative Maintenance Programme budget requirement for 2019/20 is estimated to be £2,215,400, as set out in Table One below. The overall budget is split between the Repair Programme, which comprises both responsive repairs and cyclical maintenance works and the Planned & Preventative Maintenance (PPM) programme.

Table One

Work	Budget £	Proposed Expenditure £	Variance £
PPM	415,500	£1,359,000	(943,500)
Repairs	777,400	777,400	0
2019/20 Maintenance Total	1,192,900	2,136,400	(943,500)
Slipped Works form 2018/19	79,000	79,000	0
TOTAL (inc. Slipped Works)	1,271,900	2,215,400	(943,500)
Corporate Asset Reserve Requirement			943,500

- 5.2 The £777,400 Repairs budget element of the overall budget allocation covers all mechanical, electrical and general building responsive repairs and cyclical maintenance to the Council's operational and non-operational assets, other than any Housing Revenue Account assets. The base budget has been increased from £656,000 in 2018/19 following a review of cyclical contracts and responsive repair expenditure and reflects the budget pressures encountered during 2018/19. While the 2019/20 budget is lower than the forecast 2018/19 outturn, the combination of the approval of a detailed PPM programme for the coming year, the introduction of a new maintenance contract for the Crematoriums and revised arrangements for other maintenance contracts should ensure a reduction in the number and value of significant or unanticipated responsive repairs, allowing outturn can be contained within budget.
- 5.3 As can be seen from Table One, the 2019/20 budget allocation, approved in the main Budget Report, is considered to be insufficient to complete all the PPM work deemed necessary during the coming year. It is, therefore, proposed to draw down £943,500 from the Corporate Asset Reserve to support the proposed programme set out in Appendix One. The Corporate Asset Reserve is forecast to have an unallocated balance of £2,325,000 at Year End and would, therefore, be able to accommodate the proposed requirement.
- 5.4 As set out in paragraph 2.6, the requirements for a detailed 5-year PPM programme will be assessed during the coming year. If this were to demonstrate that the future annual PPM budget requirement were to remain at the 2019/20 level, with similar contributions from the Corporate Asset Reserve as proposed for this year, the reserve would effectively be fully committed by 2021/22 unless it were to be replenished in the meantime. Options to address this issue will be examined when the 5 year budget requirement has been assessed as part of the forthcoming Corporate Asset Management Strategy report and future Budget setting reports.
- 5.5 The programmes and budgets will be monitored on a monthly basis as part of the Council's budget management process. The overall budget will be managed by the Assets Team within the Chief Executive's department. The monitoring process will ensure that the proposed planned works are assessed in detail and works orders scheduled to ensure completion on time and to budget and that the responsive budget is carefully monitored.

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. the Health & Safety Executive) 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 Programmes 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 costlier 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 2019/20 programme. However, officers consider that it would be prudent to fully fund the 2019/20 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

Proposed Corporate Property & Planned Preventative Maintenance (PPM) Programme works 2019/20

Corp Operational	£457,000
Internal, Royal Spa Centre, Newbold Terrace, Leamington Spa	£90,000
Cricket Pavilion, Victoria Park, Archery Road, Leamington Spa	£85,000
Pump Rooms, Leamington Spa	£63,000
Restaurant - Jephson Gardens, The Parade, Leamington Spa	£30,000
Bowls Pavilion, Victoria Park, Archery Road, Leamington Spa	£22,000
Royal Spa Centre, Leamington Spa	£21,000
Town Hall, The Parade, Leamington Spa	£20,000
Minor Works* at:	£126,000
Crematorium and Chapel, Oakley Wood, Leamington Spa	
Market Place Toilets, Market Place, Warwick	
St Nicholas Park Toilets, Banbury Road, Warwick	
North Lodge, Jephson Gardens, The Parade, Leamington Spa	
Regent Grove Toilets, Regent Grove, Leamington Spa	
Jephson Gardens Toilets, The Parade, Leamington Spa	
Abbey Fields Toilets, Bridge Street, Kenilworth	
Crown Way Toilets, Crown Way, Leamington Spa	
Covent Garden Car Park Toilets, Russell Street, Leamington Spa	
Brunswick Street Toilets, Brunswick Street, Leamington Spa	
Arbours, Jephson Gardens	
South Lodge, Jephson Gardens, The Parade, Leamington Spa	
Edmondscote Sports Ground, Leamington Spa	
Victoria Park Toilets, Archery Road, Leamington Spa	
Abbey End Toilets, Abbey End, Kenilworth	
Corp Non-Operational	£152,000
36 Market Place, Warwick	£26,000
10 Hamilton Terrace, Leamington Spa	£20,000
Cafeteria, Victoria Park, Archery Road, Leamington Spa	£20,000
Barn, Abbey Fields	£20,000
Minor Works* at:	£66,000
Pageant House, Jury Street, Warwick	
Spencers Yard, Avenue Road, Leamington Spa	
26 Hamilton Terrace, Leamington Spa	
United Reformed Church, Spencer Street, Leamington Spa	
44 Regent Street, Leamington Spa	
Jubilee House, 19 Smalley Place, Kenilworth	
South Lodge Leamington Cemetery, 118 Brunswick Steet, Leamington Spa	
Lodge Buildings, Kenilworth Cemetery, Oaks Road, Kenilworth	
Open Spaces	£542,000
Harbury Lane Playing Fields	£63,000
Newbold Comyn Park	£80,000
Pageant Gardens	£22,000
Priory Park	£50,000

St Nicholas Park	£50,000
Pump Room Gardens	£40,000
Coventry Road, Spinney Hill	£25,000
Abbey Fields	£75,000
Minor Works* at Open Spaces:	£137,000
Abbey Fields, Bates Memorial Field, Beverley Hills Open Space, Castle Farm Recreation Area, Dragon Cottage, Edmondscote Athletic Track, Elephant Walk, Euston Place, Glendale Avenue Playground, Hatton Park Estates, Hatton Park Public Open Space, Jephson Gardens, Kenilworth Cemetery, Kenilworth Common, Knowle Hill, Littleton Close, Midland Oak Open Space, Mill Gardens, Milverton Cemetery, Milverton Riverside, Myton Fields, Newbold Comyn Park, Oakley Wood Woodland areas, Pageant Gardens, Priors Park, Radford Rd Car Park, Riverside Walk Grange Close, Riverside Walk Mercia Way, Roxburgh Croft, Royal Spa Centre Forecourt, Rushmore St Play Area, School Lane, Shrubland Park, St Magdalene Church, St Mary's Lands, St Michael's Church, St Nicholas Park, Stamford Gardens, The Dell, Twycross/Ransford/Stanton Walk, Victoria Park, Warwick Cemetery, Old, York Walk	
Car Parks	£51,000
Minor Works* at Car Parks:	
Abbey End, Abbey Fields, Square West, Adelaide Bridge, Bath Place, Bedford Street, Chandos Street, Court Street, Packington Place, Rosefield Street, Castle Lane, Myton Fields, New Street, Priors Road, St Marys Area 1, St Marys Area 2, St Marys Area 3, St Marys Area 4, St Nicholas Park, The Butts, West Gate, West Rock.	
	£51,000
Corp M&E	£157,000
Royal Spa Centre, Newbold Terrace, Leamington Spa	£50,000
Pump Rooms, Leamington Spa	£37,000
Town Hall, The Parade, Leamington Spa	£35,000
Minor Works* at:	£35,000
Temperate House - Jephson Gardens, The Parade, Leamington Spa	
Crematorium and Chapel, Oakley Wood, Leamington Spa	
Bowls Pavilion, Victoria Park, Archery Road, Leamington Spa	
Restaurant - Jephson Gardens, The Parade, Leamington Spa	
Edmondscote Sports Ground, Leamington Spa	
PPM 2019/20 Works Total:	
£1,359,000	

*Minor works are works costing less than £20,000 at an individual site

NB – all totals rounded to nearest £1,000. The rounding accounts for the difference shown from the total in Table One

Appendix Two

Proposed Corporate Property Planned & Preventative Maintenance (PPM) Programme
2018/19 works to be slipped to 2019/20

Corp Operational	
Town Hall, The Parade, Leamington Spa	£6,000
Pump Rooms, Leamington Spa	£5,000
Corp Non-Operational	
Abbey Fields Barn, Kenilworth	£58,000
Open Spaces	
Newbold Comyn, Leamington Spa	£4,000
Car Parks	
Abbey Fields Car Park, Bridge Street, Kenilworth	£6,000
PPM 2019/20 Slipped Works Total:	
	£79,000

NB – all totals rounded to nearest £1,000. The rounding accounts for the difference shown from paragraph 3.8.