

 Executive 9th March 2016		Agenda Item No. 9
Title: Corporate Property Planned Preventative Maintenance Programme 2016/17		
For further information about this report please contact	Matt Jones Matthew.jones@warwickdc.gov.uk	
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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		
Background 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
Equality & Sustainability Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive	22.02.16	Chris Elliott
Deputy Chief Executive	22.02.16	Bill Hunt
Deputy Chief Executive & Monitoring Officer	22.02.16	Andrew Jones
Head of Service	17.02.16	Andy Thompson
Section 151 Officer	17.02.16	Mike Snow
Portfolio Holder(s)	22.02.16	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 provides the rationale for the proposed allocation of works against the budget for the Corporate Repairs and Maintenance Programme for 2016/17.

2. RECOMMENDATIONS

- 2.1 That Executive approve the proposed budget allocation of £2,117,100 for the 2016/17 Corporate Property Repair and Improvement Programme, as set out in table 2 at 5.3 of this report.
- 2.2 That Executive note that £502,500 of the 2015/16 budget and funding will be slipped for items that will now proceed in 2016/17.
- 2.3 That Executive note that the 2015/16 budget will reduce by circa £128,000 and this money will be returned to the Corporate Assets Repairs Reserve.
- 2.4 That Executive agree to release up to a maximum of £466,500 from the Corporate Asset Reserve to support the 2016/17 Corporate Property and Repair and Improvement Programme.
- 2.5 That Executive agree to release £20,000 from the Corporate Asset Reserve to support technical inspections of the roof and mechanical plant of the Royal Pump Rooms.
- 2.6 That Executive note that, subject to agreement of recommendations 2.1-2.3, the Head of Housing & Property Services, in consultation with the Procurement Manager, will procure the works in accordance with the Code of Procurement Practice.
- 2.7 That Executive approve delegated authority to the Head of Housing and Property Services and the Head of Finance, in consultation with their respective portfolio holders, to approve programme amendments and revised budget allocations within the overall base budget of £2,117,100.
- 2.8 That Executive agree that the funding from the Corporate Asset Repairs Reserve is ring-fenced for the Planned Preventative Maintenance Programme (PPM) and not to subsidise any Budget Shortfall on the Responsive Repairs, Warwick Plant Maintenance or Open Spaces Repairs & Maintenance which will be reported and considered separately.

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 To ensure that the Council is spending the budget effectively in the current climate it is considered that Members need to be aware of the principles underpinning the budget allocation to ensure the process is transparent.
- 3.2 The planned preventative maintenance programme for 2016/17 is based on the data and recommendations from the stock condition survey undertaken as part of the on-going assets review work. The data has been reviewed by officers within Housing and Property Services in consultation with nominated representatives of the management team for each of the assets.

- 3.3 The budget for 2015/16 is to be reduced by circa £128,000. This funding will be returned to the Corporate Assets Repairs Reserve and is the result of underspend on the 2015/16 programme of works.
- 3.4 The total base Corporate Property Repairs and Maintenance budget for 2016/17 is £1,166,100. The total budget required to service the 2016/17 Corporate Property PPM is £2,117,100 of which £502,500 is slippage from 2015/16. Therefore £466,500 is requested from the Corporate Asset Reserve to support the delivery of the programme. Housing and Property Services manage the budget and coordinate the proposed programme of works, which has been set following consultation with the Asset Maintenance Group and the Asset Strategy Group.
- 3.5 The Royal Pump Rooms, and in particular the art gallery and museum within the building is suffering from water ingress due to multiple roof leaks. The roof structure and coverings are complex, and several mechanical plant installations are located on the roof deck. In previous years several temporary repairs to the origins of suspected leaks have been completed with varying degrees of effect. In order to fully understand the roof defects and design a long term solution to eradicate the leaks and prevent further water ingress it is necessary to procure a specialist technical appraisal of the roof structure, coverings and plant installations. It is therefore recommended that £20,000 is released from the Corporate Assets Reserve to support this need.
- 3.6 Considerable work, overseen by the Asset Steering Group (ASG) has already been undertaken to review and refine the Corporate Property PPM which has allowed the 2016/17 budget to be set. However, at present all costs associated with the programme are estimated and the actual costs of delivering the programme of work is liable to change as works are procured. In addition the ASG work programme will continue and it is possible that both the work programme and overall budget requirement could vary in line with organisational & service area priorities.
- 3.7 Equally, opportunities may emerge during the course of the financial year that could lead to the programme of work being re-profiled if, to do so, would secure better long term value or enable the Council to respond to an opportunity to improve services or the performance of the corporate asset stock. It is therefore recommended that the Head of Housing and Property Services and the Head of Finance, in consultation with their respective Portfolio Holders, be granted delegated authority to approve programme amendments and revised budget allocations within the overall base budget of £2,117,100.

4. **POLICY FRAMEWORK**

- 4.1 These recommendations assist attaining two of the three objectives of the internal element of the Fit for the Future Programme which are to improve the quality of the range of services that the Council directly provides and achieve efficiency and cost savings and/or increased income to meet the significant financial challenges we face and so balance the Council's budget.
- 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 Repairs and Improvement budget allocation for 2016/17 has been set and agreed in accordance with Council's Financial Strategy. Within the budget setting report considered by members in February, was £1,166,100 for the Corporate Repairs and Maintenance Budget. This is based on the usual budget allowed for this work, being subdivided as shown in table 1 below.

Table 1

Work	£
Project Work	420,500
Warwick Plant Maintenance	129,900
Responsive Repairs & Cyclical Maintenance	555,400
Riverside House Backlog Repairs	30,000
Open Spaces Repairs & Maintenance	30,300
Base Repairs & Maintenance Budget	1,166,100

- 5.2 The budget requirement for the year is £2,117,100. The budget is distributed across seven principal budget headings as illustrated in table 2 below. The headings reflect the information sources used to define the programme. An explanation of each budget is provided in items 5.5 to 5.12. This figure does not include the £20,000 requested for the Royal Pump Rooms roof works.

Table 2

Work	Base 2016/17 Programme £	2015/16 Works Slippage £	Total 2016/17 Programme £
Operational Stock Condition Plan	553,800	170,000	723,800
Non-Operational Stock Condition Plan	107,700	113,000	220,700
Open Spaces Stock Condition Plan	207,500	219,500	427,000
Total Planned Project Work	869,000	502,500	1,371,500
Warwick Plant Maintenance	129,900	0	129,900
Responsive Repairs & Cyclical Maint.	555,400	0	555,400
Riverside House Backlog Repairs	30,000	0	30,000
Open Spaces Repairs & Maint.	30,300	0	30,300
Total Revenue Repairs & Maint.	1,614,600	502,500	2,117,100

- 5.3 There is budget allocation of £1,166,100 for the Base 2016/17 Programme, as shown in Table 1. To be able to finance the works seeking to be agreed within this report £466,500 would need to be released from the Corporate Asset Reserve for 2016/17.
- 5.4 On 1st April 2016 the Corporate Asset Reserve is projected to stand at £1,292,000 (after allowing for £128,000 underspend on 2015/16 projects, and

the funding of the works slippage). The projected balance on the Reserve for the next three years is set out below:-

Table 3

	2015/16	2016/17	2017/18	2018/19
	£	£	£	£
Total planned project work (Table 2)	1,164,500	869,000	768,000	509,000
Less core budget for projects	-420,500	-402,500	-420,500	-420,500
Net requirement from Reserve	744,000	466,500	347,500	88,500
Balance on Reserve @ 1 April	1,338,000	1,292,000	1,291,500	944,000
Less Technical Inspection of Pump Rooms Roof		20,000		
Cont. from New Homes Bonus	570,000	486,000		
Underspend on projects	128,000			
Balance @ 31 March	1,292,000	1,291,500	944,000	855,500

5.5 As of February 2016 the total slippage estimated to be carried from the 2015/16 programme into the 2016/17 financial year is £502,500 of which £420,800 had been factored into the February 2015 budget report. Therefore an additional £81,700 is requested to be slipped from 2015/16 to 2016/17. The slippage is the result of several factors, including weather and access limitations, long term illness and the deferring of works to future years in order to maximise programme value and/or minimise service disruption.

5.6 Operational Stock Condition Plan (OSCP)

The total budget allocation for the 2016/17 planned maintenance programme for operational assets is £723,800 of which £553,800 is defined by the operational stock condition survey data for the financial year and £170,000 is slippage from 2015/16.

5.7 Non-Operational Stock Condition Plan (NSCP)

The total budget allocation for the 2016/17 planned maintenance programme for non-operational assets is £220,700 of which £107,700 is defined by the non-operational stock condition survey data for the financial year and £113,000 is slippage from 2015/16.

5.8 Open Spaces Stock Condition Plan (SSCP)

The total budget allocation for the 2016/17 planned maintenance programme for open spaces assets is £427,000 of which £207,500 is defined by the open spaces stock condition survey data for the financial year and £219,500 is slippage from 2015/16.

5.9 Warwick Plant Maintenance

The total annual budget allocation for staff and subsidiary costs of the Warwick Plant Maintenance team is £129,900.

5.10 Responsive Repairs Allocation

The total budget allocation for responsive repairs is £555,400. The budget covers general building repairs and mechanical & electrical repairs to the operational and non-operational assets.

5.11 Riverside House Backlog Repairs

A budget of £30,000 is ring-fenced to finance the completion of maintenance works that have been deferred while the future of the council's occupancy of the building is considered.

5.12 Open Spaces Repairs & Maintenance

£30,300 is allocated for general repair and maintenance of pathways and hard-standings in corporate open spaces.

5.13 The programme and budget 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, the operational group that sits below the strategic ASG. Part of the monitoring process will be to identify if any works not on the programme 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 A 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. The funding released from the Corporate Asset Repairs Reserve will be ring-fenced for the PPM Programme and not to subsidise any Budget Shortfall on the Responsive Repairs or Warwick Plant Maintenance which will be considered and reported separately.

5.14 The £20,000 required to support the technical appraisal of the Royal Pump Rooms roof set out in items 2.5 and 3.5 of this report will be met from the balance of the Corporate Asset Reserve Budget.

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, diminishing capital value, 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 item 6.1 above.

7. ALTERNATIVE OPTION(S) CONSIDERED

- 7.1 One alternative would be to not apply the refreshed budget setting criteria and/or not to manage the budget centrally but instead let service areas decide

priorities and allocation. These options were rejected when the initial review was carried out in 2008.

- 7.2 A second alternative would be not to proceed with the current proposed programme of works, but instead defer the programme in part or in full to future years and accept the risks of properties and assets falling into disrepair and not being available to support services associated with deferring the recommended projects.

8. **BACKGROUND**

- 8.1 As part of the wider Corporate Assets Review and the transition to strategic asset management, the council have completed a programme of surveys of the corporate asset stock which is split into four categories:

- Operational Assets
- Non Operational Assets
- Open Spaces
- Car Parks

The survey data forms the basis of the annual programme of work. The data is continuously reviewed to ensure it remains current and the budgets defined in this report represent year three of the financial liabilities associated with the Council's current corporate asset portfolio first reported in the Assets Review report at the Executive meeting of 11th December 2013.

- 8.2 Incidental to the wider assets review programme, the ASG has re-visited the annual budget allocation principles approved by CMT in 2008. While there are no fundamental changes to those principles it is considered prudent to refresh them as the Council makes the transition from the reserve list of projects to the five year maintenance programme.
- 8.3 The first principle relates to what the budget should be used for. It was agreed that the budget should be used for the repair and maintenance of all existing corporate assets (excluding HRA assets), including pathways and other hard surfaces but excluding any landscaped areas or those car parks covered by the separate Car Park Strategy. It will not be used for the purchase or building of new assets and any schemes relating to either scenario should be backed by a business case and, where appropriate, go through the service planning process. The exception to this would be the building of new pathways within existing assets such as parks or cemeteries. However, in this case a scheme should go through the same business case analysis and service planning process if the projected cost would exceed £50,000.
- 8.4 The second principle relates to the setting of the budget. It is proposed that the budget should always be sufficient to accommodate:
- The recommendations of the planned maintenance programme and any cyclical refresh of this programme
 - Statutory maintenance requirements
 - Anticipated general building and mechanical & electrical responsive repairs
- 8.5 The third principle relates to the allocation of the budget with particular reference to unallocated or underspent budget or the prioritisation of in-year requests that conflict with the 5 year programme. The use of criteria to assess

the relative priorities of requests has proven successful and it is proposed that the previously agreed categories are used for prioritising and decision making in such situations. The priority categories are illustrated in table 4 below.

Table 4

PRIORITY	DESCRIPTION
1	Work required on health and safety grounds to reduce unacceptable risk identified through a risk assessment.
2	Work to meet contractual obligations to tenants of corporate buildings including statutory compliance and/or to prevent a claim being made against the council.
3	Work to maintain the structure, fabric or M&E services in proper working condition or to prevent further deterioration of an asset.
4	Work which if deferred would result in an on-going loss of income or require additional costs to be incurred (e.g. a service would need to be moved to another site incurring additional expenditure).
5	Enhancement work that would increase the efficiency and/or value for money of existing operations
6	Enhancement work that would increase income (if backed by a business case).
7	Enhancement work to support other agreed priorities that would not increase income (e.g. work to parks to enhance visual amenity).
8	Work that would prevent loss of an amenity but where no additional cost would be incurred (e.g. work to prevent closure of a building or asset which, if closed, would have no cost or direct impact on operational capacity).
9	Work that is desirable but does not directly support any corporate or service area priorities.

- 8.6 The categorisation of requests is undertaken by the Asset Maintenance Group in consultation with the ASG if required.