

 Executive 2nd March 2011		Agenda Item No. 18
Title	CORPORATE PROPERTY REPAIRS & IMPROVEMENTS PROGRAMME 2011/12	
For further information about this report please contact	Matt Jones. Building Construction & Surveying Manager.	
Service Area	Housing and Property Services	
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006		
Date and meeting when issue was last considered and relevant minute number	Not applicable	
Background Papers	CMT report April 2008.	

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

Officer/Councillor Approval		
With regard to officer approval all reports <u>must</u> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director		Bill Hunt
Chief Executive		Chris Elliott
CMT		
Section 151 Officer		Mike Snow
Legal		
Finance		Sandra Jones
Portfolio Holder(s)		Cllr Grainger
Consultation Undertaken		
Please insert details of any consultation undertaken with regard to this report.		
Consultation was undertaken with all relevant Section Heads to agree the programme of works.		
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 the works against the budget for the Corporate Repairs and Improvement Programme for 2011/12.

2. RECOMMENDATION

- 2.1 To approve the proposed Corporate Property Repairs and Improvement Programme budget allocation for 2011/12 as set out in Appendix A.
- 2.2 That the Head of Housing & Property Services, in consultation with the Council's Procurement Manager is authorised to procure the works as per the Code of Procurement Practice.
- 2.3 That the Executive agree the allocation of £32,000 from the 2011/12 Contingency Budget to make up for the net reduction in income whilst the work is undertaken to the changing rooms at Abbey Fields swimming pool.

3. REASONS FOR THE RECOMMENDATION

- 3.1 The total Corporate Property Repairs and Improvement budget for 2011/12 is £1,268,700. Housing and Property Services manage the budget and coordinate the proposed programme of works which has been set following consultation with the client service areas who manage the various corporate buildings and assets.
- 3.2 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.
- 3.3 Appendix A identifies the works proposed for 2011/12 and the list of reserve Projects. The proposals have followed the agreed principles to categorise each scheme and prioritise the budget allocation as approved by CMT in April 2008, these principles are explained in section 7.

4. ALTERNATIVE OPTION CONSIDERED

- 4.1 One alternative would be to not apply the previously agreed budget setting criteria and/or not to manage the budget centrally but instead let service areas decide priorities and allocation. These approaches were rejected when the review was carried out in 2008 as described in 7.1 and 7.2.
- 4.2 A second alternative would be not to proceed with the current proposed programme of works as set out in item A.2 of Appendix A, but instead defer any or all of the prioritised projects to future years and promote projects currently on the reserve list to the programme of works in their place.

5. BUDGETARY FRAMEWORK

- 5.1 The budget for 2011/12 has been set and agreed in accordance with Council's Financial Strategy.
- 5.2 The budget summary table in appendix A to this report identifies £210,000 of 2010/11 Revenue budget which it is proposed to be slipped to 2011/12 by way of

creation of an earmarked reserve. At the time of writing this report the earmarked reserves proposals have been accepted by the Executive and are due to be reported for final approval by the Council in the Budget 2011/12 and Council Tax – Revenue and Capital Report to Council on 23rd February 2011. For this reason the budget summary table shows unallocated funds of £197,100. If the requested earmarked reserves are accepted by Council, the Corporate Property Investment Board will suggest a list of proposed schemes to be promoted from the reserve list of projects and issue a further updated report to the Executive in June for approval to deliver the additional proposed schemes.

- 5.3 The programme will be monitored on a monthly basis as part of the Council's budget management framework. Part of this 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 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.
- 5.4 Members should note that if the budget allocation as set out at Appendix A is approved there is the potential for a detrimental impact on income from the Abbey Fields swimming pool during 2011/12 whilst the changing rooms are refurbished and the poolside re-tiling undertaken. The work will be organised to minimise the period of closure and the impact closely monitored. It is estimated that the net reduction in income (after allowing for savings in costs) during the period of closure is £32,000.00. This shortfall should be factored into the Council's budget, for which it is recommended that an allocation of this amount from the Contingency Budget is agreed. The position here will need to be further monitored through the year as part of the Budget monitoring.

6. POLICY FRAMEWORK

- 6.1 The Programme has been coordinated to meet the Council's Corporate Strategy priorities and policies.

7. BACKGROUND

- 7.1 In 2008 the process for agreeing the annual budget allocation went through a thorough examination of past budget management practices and the relationships and communication channels between the various client and contractor service areas. This resulted in the development of a series of principles to underpin the future operation of the budget, which were subsequently approved by CMT
- 7.2 The first set of principles relate 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 would 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.

- 7.3 It should be noted that this revenue budget will always be subject to conflicting spending pressures. Unless the budget is significantly increased it is likely that the total funding available for planned schemes will remain in the order of £500,000 to £700,000 per annum, even if spending on responsive, cyclical and contract repairs is tightly managed in the most cost effective manner possible. Therefore if any individual scheme is likely to exceed £75,000 it should be identified through the service planning process as a growth item and be backed by a business case, allowing consideration as to whether it should be funded through a revenue or capital budget. However, dependant on other available financial resources, it is still possible that schemes over £75,000 will still need to be funded out of the Corporate Property Repairs budget.
- 7.4 Finally the presumption should be that this budget will not be used to fund work that could be funded through an alternative budget held by a service area. For example, it should be presumed that existing Cultural Services' budgets will be utilised to fund minor service enhancement work of up to £10,000 per site.
- 7.5 The second principle relates to the setting of the budget. A stock condition survey was undertaken in 2008 to identify a 4 year programme of essential maintenance work and this work should be accommodated within the budget before any other planned scheme proposals are assessed. Dependant on the level of basic maintenance work identified by the survey the budget may require review during the budget setting process as the principle proposed is that the annual budget should always be sufficient to accommodate:
- anticipated responsive, cyclical and contract repairs (including graffiti removal)
 - programmed maintenance arising from the stock condition survey
 - category one and two planned schemes
 - any programmed cyclical refresh of the stock condition survey
- 7.6 The third principle relates to the allocation of the budget. The use of criteria to categorise schemes has successfully informed debate as to the relative priorities of proposed work. Each of the schemes set out in Appendix A has been categorised and there is a broad correlation between ranking and approval/deferral. The categories used for prioritising works are as follows:
- Priority One: Work required on health and safety grounds to remedy an unacceptable risk identified through a risk assessment.
 - Priority Two: Work required to meet a contractual obligation to tenants of corporate buildings and/or to prevent a claim being made against the council.
 - Priority Three: Work that would cost substantially more if deferred to a later date (i.e. costs would increase significantly above building inflation due to the deterioration of the asset)
 - Priority Four: Deferring the work would result in an on-going loss of income or require additional costs to be incurred (e.g. an activity would have to be relocated to another site incurring additional expenditure)
 - Priority Five: Enhancement work that would increase the efficiency and/or value for money of existing operations

- Priority Six: Enhancement work that would increase income (if backed by a business case)
- Priority Seven: Enhancement work to support other agreed priorities that would not increase income (e.g. work to parks to enhance visual amenity)
- Priority Eight: 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).
- Priority Nine: Work that is desirable but does not directly support any corporate or service area priorities.

7.7 The categorisation of schemes and budget allocation is undertaken by the Corporate Property Investment Board which comprises of staff from the Contracting and Client service areas, namely:

- Head of Housing and Property Services
- Head of Community Protection
- Property Manager (H&PS)
- Energy Manager (H&PS)
- Building Construction & Surveying Manager
- Building Managers
- Head of Cultural Services
- Head of Environmental Services
- Head of Neighbourhood Services
- Head of Development Services
- Business Manager (H&PS)

7.8 The presumption underpinning this principle is that budget allocation will broadly mirror the ranking of the categorisation system but allow for flexibility to support corporate and service area priorities. However, should this group be unable to reach consensus a final decision on budget allocation would be made by the Head of Housing and Property Services, as the budget manager and the Head of Development Services, as the council's asset manager, in consultation with the s151 officer.

7.9 The fourth principle relates to the development of proposals for planned schemes. The split of responsibility between the client and contractor service areas should be rigidly upheld. The role of the contractor areas is to provide technical advice, identify potential issues and propose solutions to identified issues including the specification of the proposed work but decisions on what work is to be proposed for consideration during the budget allocation process must rest with the client service areas.

7.10 The fifth principle relates to the delegated responsibility for the budget and it was agreed that the Head of Housing and Property Services should hold the delegated responsibility for the budget and that the budget allocation process should be used to ensure that the highest priority work is undertaken across the Council's corporate asset portfolio.

7.11 The sixth and final principle relates to the management of the budget. Relationships between service areas have in the past been hindered by a lack of information on initial budget allocation, changes to allocations within that year and a lack of clarity as to how the allocated work is programmed. This principle recognises the need for

clarity and transparency in the management of the budget and for regular liaison, formal and informal, between the client and contractor service areas. Meetings are set up to monitor this process through out the year with all parties' involvement.