

 Executive 5th April 2018		Agenda Item No. 6
Report Title	Corporate Property Repair and Planned & Preventative Maintenance Programme 2018/19	
For further information about this report please contact	Daljeet Matharu Interim Assets Manager daljeet.matharu@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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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 2017	
Background Papers	Corporate Property Planned Preventative Maintenance Programme 2017/18, Executive 5/4/17; 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 926
Equality & Sustainability Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
Officer Approval	Date	Name
Deputy Chief Executive	12/3/18	Bill Hunt
CMT	13/3/18	
Monitoring Officer	13/3/18	Andrew Jones
Head of Service	12/3/18	Bill Hunt
Section 151 Officer	13/3/18	Mike Snow
Portfolio Holder(s)	16/3/18	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 £1,668,800 is made available in 2018/19 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 £1,668,800 for the 2018/19 Corporate Property Repair and Planned & Preventative Maintenance (PPM) Programmes, 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 Executive notes that the 2018/19 budget includes £553,000 for works previously included within the 2017/18 budget but which have been subject to slippage for the reasons set out in paragraph 3.4.
- 2.3 That Executive notes that there is no requirement to draw down any funding from the Corporate Asset Reserve for 2018/19 but that the release of up to £1,291,700 from this reserve will be required to support the PPM programme up to 2021/22, as set out in paragraph 5.5.
- 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 £1,668,800.

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, informed by stock condition data, enables 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 future Corporate Asset Strategy, as is currently being worked on.
- 3.2 The proposed budget allocation for 2018/19 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.
- 3.3 The recurring base budget for Corporate Property Repair and PPM works was set at £1,073,800 for 2018/19 in the February 2018 budget setting report.

Evaluation of the PPM data has identified that this year's programme can be accommodated within the agreed budget, without the need to release funds from the Corporate Asset Reserve.

- 3.4 The slippage of PPM works from 2017/18 PPM are the result of several factors, including unexpected staffing absences within the Assets Team during the last financial year, which delayed the commissioning and completion of a number of programmed works. The slipped works programme has been reviewed following the appointment of new interim managers within the Building Surveying and Asset Management teams, and any works deemed unnecessary omitted from the slipped works programme.
- 3.5 The PPM Programme is expected to require significant works to be completed in the subsequent 3 year period up to and including 2021/22 and to support this level of work £1,291,700 will be required from the Corporate Assets Reserve, as per the breakdown provided in Table 2 (Paragraph 5.5). Without the use of the Corporate Assets Reserve, the programme would be unable to be maintained, resulting in the maintenance of the Corporate Stock potentially falling behind schedule.
- 3.6 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.
- 3.7 The cost of the proposed programme is an estimate at this stage based on the 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**

The Corporate Property Repair and Planned & Preventative Maintenance Programme 2018/19 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 2017.

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.

The FFF 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.

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 are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours.	<u>Intended outcomes:</u> Focusing on our customers’ needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets. Full Cost accounting Continued cost 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.

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 the policies regarding the plan and strategy of the Council.

5. BUDGETARY FRAMEWORK

- 5.1 The Corporate Property Repair and Planned & Preventative Maintenance Programme budget requirement for 2018/19 is estimated as a maximum of £1,668,800, as set out in Table 1 below. This incorporates works required for the Planned & Preventative Maintenance (PPM) programme, the Responsive Repairs and Cyclical Maintenance budget requirement and also the slipped works from 2017/18.

Table 1

Work	Budget £	Expenditure programme £	Variance £
PPM	417,800	395,000	(22,800)
Responsive and Cyclical Maintenance	656,000	656,000	0
2018/19 Maintenance Total	1,073,800	1,051,000	(22,800)
Slipped Works form 2017/18	595,000	595,000	0)
TOTAL (inc. Slipped Works)	1,668,800	1,646,000	(22,800)

- 5.2 Details of the estimated expenditure for the 2018/19 PPM Programme are set out at **Appendix One**.
- 5.3 Works slipped from 2017/18 were originally allocated budget as per the March 2017 Corporate Property PPM report, agreed by Executive, and are detailed in **Appendix Two**. This budget has been carried forward to 2018/19.
- 5.4 The Responsive and Cyclical Maintenance budget allocation of £656,000 covers general building repairs, including mechanical and electrical repairs to the operational and non-operational corporate assets. This budget has been increased from £543,700 in 2017/18 following a review of cyclical contracts and responsive repair expenditure.
- 5.5 The forecasted PPM budget requirement for the 3 years after 2018/19 is set out in Table 2 below.

Table 2

Work	2019/20 £	2020/21 £	2021/22 £
PPM Budget	417,800	417,800	417,800
PPM anticipated expenditure	1,022,000	780,000	743,000
Corporate Asset Reserve Requirement	604,200	362,200	325,200

- 5.6 Table 2 outlines the amounts that would need to be released from the Corporate Asset Reserve to support the programme. The Corporate Asset Reserve is currently forecast to total £1,377,200 and could, therefore, accommodate the anticipated expenditure of £1,291,600 shown in the table.

- 5.7 However, the Corporate Asset Reserve will effectively be depleted beyond 2021/22 unless it is replenished in the meantime. Options to address this issue will be examined as part of the Corporate Asset Management Strategy report scheduled to be presented to Executive in the summer.
- 5.8 The programmes and budgets will be monitored on a monthly basis as part of the Council's budget management process. The budget will be overseen by the Assets Team within the Chief Executive's department. The monitoring process will ensure that planned works are still required, and are scheduled to be completed on time and to 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, 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 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

Proposed Corporate Property & Planned Preventative Maintenance (PPM) Programme works 2018/19

Open Spaces	£148,000
Abbey Fields	£24,000
Myton Fields	£32,000
Wych Elm Drive	£21,000
Minor Works* at: Canalside, Clarendon Square, Coventry Road, Edmonscote Field, Gulliman's Way, Jephson Gardens, Kenilworth Common, Leamington Cemetery, Riverside walk, Newbold Comyn, Priory Park, Rushmore Street, Saltisford Common, St. Nicholas Park, The Dell, Twycross Walk, Victoria Park, York Walk	£71,000
Corporate Operational properties	£167,000
Edmondscote Athletic Track and Pavilion	£45,000
Newbold Comyn Sports Pavilion	£33,000
Minor works* at: Town Hall, Royal Pump Rooms, Jephson Lodge East, Harbury Lane Sports Pavilion, Newbold Comyn Sports Pavilion, Market Place toilets	£89,000
Car Parks	£80,000
West Rock	£61,000
Minor works* at: Abbey End, Abbey fields, Square West, Adelaide Bridge, Bath Place, Bedford Street, Chandos Street, Packington Place, Rosefield Street, Castel lane, Myton Fields, New Street, Priory Street, St. Mary's Lands 1-4, St. Nicholas Park, The Butts, West Gate	£19,000
PPM 2018/19 Works Total	£395,000

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

NB – all totals rounded to nearest 1,000

Appendix Two

Proposed Corporate Property Planned & Preventative Maintenance (PPM) Programme
2017/18 works to be slipped to 2018/19

Car Parks	£9,000
Minor works* at: Abbey End, Abbey Fields, Adelaide Bridge, Bedford Street, Castle Lane, Myton Fields, St. Mary's Lands 1 & 3, St. Nicholas Park	£9,000
Corporate Non-Operational properties	£86,000
Abbey Fields Barn	£60,000
Minor works* at: 44-46 Regent Street, Market Place, Market Street, Brunswick Street	£26,000
Open Spaces	£79,000
Cubbington Waterworks Park	£62,000
Minor Works* at: Abbey Fields, St. Mary's Lands	£17,000
Corporate Operational properties	£421,000
Jubilee House	£30,000
Jephson Gardens Restaurant & Temperate House	£30,000
Royal Pump Rooms	£83,000
Royal Spa Centre	£87,000
Town Hall	£85,000
Victoria Park Tennis Pavilion	£53,000
Minor Works* at: Leamington Cemetery, Kenilworth Cemetery, Oakley Wood Crematorium, Cemetery Lodges	£53,000
PPM 2018/19 Slipped Works Total	£595,000

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

NB – all totals rounded to nearest 1,000