

 Executive 20th June 2012		Agenda Item No. 9
Title	<u>Corporate Property Repairs and Improvement Programme 2012/13 June Update</u>	
For further information about this report please contact	Matt Jones Matthew.jones@warwickdc.gov.uk 01926 456 034	
Wards of the District directly affected		
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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		
Background Papers	CMT Report April 2008. Executive meeting 15 th February 2012, agenda Item 11. Executive meeting 11 th January 2012, agenda item 9B.	

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	1/6/12	Chris Elliot
Deputy Chief Executive	1/6/12	Bill Hunt
Deputy Chief Executive and Monitoring Officer	1/6/12	Andrew Jones
Head of Service	1/6/12	Jameel Malik
Section 151 Officer	1/6/12	Mike Snow
Corporate Property Investment Board	1/6/12	All members
Finance	1/6/12	Sandra Jones, Mark Smith
Portfolio Holder(s)	1/6/12	Cllr Norman Vincett
Consultation & Community Engagement		
Consultation was undertaken with all relevant Section Heads and the Corporate Property Investment Board to agree this update.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. Summary

- 1.1 This report provides an update on the Corporate Property Repairs and Improvements Programme Report approved by the Executive on 15th February 2012, and seeks the Executive's approval of the updated budget allocation.

2. Recommendation

- 2.1 That the Executive approve the updated 2012/13 Corporate Property Repairs and Improvements Budget allocation (including the Earmarked reserves and proposed revenue contributions capital projects) as set out in Appendix A. The proposed works are as follows:
- 2.1.1 Use of the Earmarked reserve of £12,000 for the replacement roofing works to the Abbey Fields Gate House Kenilworth.
 - 2.1.2 Use of £30,000 to make good and construct dwarf boundary walls including feature seating at Christchurch Gardens Leamington Spa.
 - 2.1.3 Use of £50,000 to complete the phased resurfacing of the Jephson Gardens footpaths Leamington Spa.
 - 2.1.4 Use of £5,000 to replace the staircase carpets at Pageant House Warwick.
 - 2.1.5 Use of the Earmarked reserve of £30,000 for the resurfacing and drainage improvements of the footpaths at St Nicholas Park Warwick.
 - 2.1.6 Use of the Earmarked reserve of £43,000 for the resurfacing of the footpaths at Warwick Cemetery.
 - 2.1.7 Use of the Earmarked reserve of £15,900 and £19,500 from this year's budget for the resurfacing of the footpaths at Leamington Cemetery.
 - 2.1.8 Use of the Earmarked reserve of £81,000 and £51,000 from this year's budget to undertake major repairs and renew the flume at Newbold Leisure Centre Leamington.
 - 2.1.9 Use of the Earmarked reserve of £25,000 for the installation of air curtain in the entrance foyer at the Royal Spa Centre.
 - 2.1.10 Use of £70,000 to carry out major repairs to the Boat House in St Nicholas Park Warwick.
 - 2.1.11 Use of £180,000 (including a contingency of £60,000) to replace the roof covering on Castle Farm Sports Centre, Kenilworth.
- 2.2 That the Executive note that the Head of Housing & Property Services will present a further update report on the agreed projects and any proposed projects for the unallocated budget of £35,800 to the Executive Committee in December 2012.
- 2.3 That the Executive uphold the previously approved exception from the code of contract practice to deliver the flume replacement at Newbold Comyn, in light of the new budgetary requirement.

- 2.4 That the Executive authorise the Head of Housing & Property Services, in consultation with the Council's Procurement Manager, to procure the works as per the Code of Procurement Practice.

3. Reasons for the Recommendation

- 3.1 At its meeting of the 15th February 2012 the Executive approved the proposed 2012/13 Corporate Property Repairs and Improvements Budget allocation that identified £165,900 of unallocated funds. It was agreed that further reports would be brought to the Executive to recommend how the unallocated budget should be utilised.
- 3.2 Following the February Executive, Housing and Property Services have continued to work with client service areas and specialist consultants to develop the detailed designs of the agreed priority projects. At the Corporate Property Investment Board (CPIB) meeting on the 4th May 2012 the Board agreed recommendations for £130,100 of the unallocated budget as set out in appendix A. The works in appendix A also included Earmarked Reserve which is subject to the approval of the request identified in the Finance report 'Final Accounts 2011/12' set to be heard by the Executive on 20th June 2012.

For clarity, the works and updates are listed below:

- 3.2.1 Abbey Field Gate House Kenilworth - the Council are legally responsible for the upkeep of the monument and have been working closely with English Heritage to progress the roofing project. Agreeing an acceptable design has proven problematic, but it is envisaged that the works should be completed this year.
- 3.2.2 Christchurch Gardens Leamington Spa - the dwarf walls are part of the repairs and maintenance of the gardens to maintain the standard of the area.
- 3.2.3 Jephson Garden Leamington Spa - this is the final Phase of a 4 year programme to resurface the footpaths in the Gardens due to Health & Safety concerns.
- 3.2.4 Pageant House Warwick - due to Health and Safety concerns the Council needs to replace the carpet in the communal areas.
- 3.2.5 St Nicholas Park Warwick - last year the CIBP group considered the footpaths and drainage around the park required resurfacing and the drains cleaning out. Due to the complexity of the works, completion has been delayed. It is proposed that they be completed this year using the earmarked reserve money.
- 3.2.6 Warwick Cemetery – footpaths also deemed in need of re-surfacing by the CIPB group. These works were held back pending completion of the new access road. It is again intended that these works be completed this year using the earmarked reserve money.
- 3.2.7 Leamington Cemetery - footpaths around the cemetery deemed in need of re-surfacing by the CIPB group.

- 3.2.8 Newbold Leisure Centre, Leamington Spa - Flume project. The original estimate for the flume was based on a budget estimate for the replacement/lining of the flume only (on a like for like basis). This to accord with a request for urgency, as the original requirement was for completion of the refurbishment in April 2012 to allow the flume to open during the summer months.

However after carrying out a more detailed survey and analysis on the cost of repairing versus the cost of replacement, it was realised that replacing the flume offered better value over the life of the installation, and reduced both the residual Health and Safety risk *and* ongoing repair liability.

This assessment was supported by analysis of the income generation attributed to the flume by Cultural Services, which identified that Newbold Comyn attracts an extra 114,000 swim visits per year than the most comparable asset, St Nicholas Park, and generates an income of £324,000 p/a, projecting a payback period of less than 6 months for the flume replacement project.

On this basis CPIB made the decision to approve replacement, and Housing and Property Services (in consultation with Cultural Services) began to develop a detailed design brief and seek quotations. Intrusive surveys revealed that the following enabling works would be required as part of the project:

- New pad foundations to support flume pillars
- Additional steel support beams
- Removal and replacement of existing launch platform
- New start/stop customer control panel
- Relocation of sauna
- Relocation of air ducts
- General building and services alteration to accept new compliant flume installation

The quoted costs of the component elements of the work are detailed in the following table:

Contractor	Work	Cost	Delivery mechanism
Loyal Grove Leisure	Removal of flume, supply & installation of new flume, landing, steps	£ 93,000	Exception as per item 3.3
Pinner & Sons	Building alterations and enabling work	£ 21,205.03	Existing Corporate building works contract
EM&I	Electrical works	£ 500	Existing Electrical works contract
React	Alteration of M&E systems necessitated by new steelwork	£ 5000	Existing M&E works contract
Contingency@10%		£ 12,000	
Total		£ 131,705.03	

The new budgetary implications were discussed at the CPIB meeting of the 4TH May 2012 and it was agreed that the project should be delivered within the 2012/13 Corporate Property repairs and improvements budget.

- 3.2.9 Royal Spa Centre, air curtain and thermal improvement works - were approved by the CIPB group but before the works were carried out a feasibility study was undertaken to confirm their necessity to ensure a comfortable temperature can be maintained in the building.
- 3.2.10 Warwick Boat House St Nicholas Park Warwick - Due to change-of-leaseholder, a routine inspection of the building was undertaken. This highlighted some major structural repairs that were required to the building. The CIPB group agreed that the Boat House was a valued attraction to the park.
- 3.2.11 Castle Farm Sports Centre, roof replacement project - The allocation of £60,000 as a contingency fund to supplement the agreed £120,000 budget allocation and support the delivery of the work.

The initial feasibility estimate for this project was produced in reaction to the failure of the roof covering. To expedite the process the estimate was based on an instruction for a contractor to replace to the same specification as the existing roof with the purpose of providing information for the CPIB to consider and agree the priority and delivery timetable for the project.

The leaking roof continues to impact on the proper enjoyment of the facility by customers (and also a 1st floor Tenant) and the ingress of water over time is damaging the fabric of the building. Mindful of this, CPIB took the decision to prioritise the project for delivery in 2012/13.

A review of the available procurement options confirmed that using a pre-procured EU compliant framework was the best option available to take this project forward. Housing & Property Services and Cultural Services in consultation with "Interserve" (the framework contractor) began to develop a design brief for the project.

Interserve have provided an initial feasibility cost of £169,343.26, but it is thought prudent to include a contingency of £10,000 to cover design revisions that may occur in the final design and planning stage. In total the revised budget estimate is £179, 343.26.

If the executive approve this recommendation then Interserve will be commissioned to complete the final design and replacement of the roof, subject to planning approval.

- 3.3 At its meeting of the 11th January 2012 the Executive approved the recommendations made in the 'Newbold Comyn Leisure Centre Water Flume Replacement Exception Report', and granted an exception from the Code of Contract Practice for the flume's replacement. In light of the additional £12,000 needed to support this aspect of the project, the CPIB feel it prudent to request that the Executive re-affirm this decision.

The market for the supply and fit of water flumes is highly technical and experience has revealed it to be extremely limited. Previous WDC Procurement attempts to obtain quotations for the design of a replacement flume resulted in a response from only a single supplier - Loyal Grove Leisure LLP - qualified in undertaking the work. There is a significant likelihood that the same supplier would win any future tender process.

It is proposed that the works are awarded to Loyal Grove Leisure LLP who have a considerable track record in the delivery of water flume projects and have provided services to the Council in the past; they are technically able and highly quality supplier. Because of the limited market the Council would find it a significant risk that the tendering process might attract tenders from technically limited organisations. Not only would this compromise the quality of the finished project, it is also likely to increase the cost of the project as a result of third party consultation and management fees. Moreover it could be necessary to delay the project programme significantly to allow time for the procurement process.

- 3.4 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. **Appendix A** identifies the works proposed for 2012/13 (Table A3) and the list of reserve projects (Table A4). The proposals have followed the principles approved by CMT in April 2008 to categorise each scheme, and prioritise the budget allocation.

- 3.5 Paragraph 10.4 of the Council's Code of Financial Practice states, with regard to schemes in the Capital Programme:

"....the senior manager (in this instance the Head of Housing and Property Services) does not have authority to incur expenditure....."

Finance has indicated under proper accounting practices it will be necessary to deliver some of the recommended schemes by means of revenue contributions to capital. Therefore in addition to the budget approval it is necessary for Executive to give authority to the senior manager concerned to incur the necessary expenditure. It is proposed that the Head of Housing and Property Services will work with the Procurement Manager to ensure that the work is delivered in accordance with the Code of Procurement Practice.

4. Policy Framework

- 4.1 The internal element of the Fit for the Future Programme has the twin objectives of improving the quality of the range of services that the Council directly provides whilst achieving efficiency and cost savings and/or increased income to meet the significant financial challenges we face. These recommendations assist both elements.
- 4.2 The proposed projects directly support the maintenance and improvement of the Councils 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 for 2012/13 has been set and agreed in accordance with Council's Financial Strategy. The base budget for 2012/13 is £1,187,400 (£746,500 for routine and responsive repairs and maintenance, £440,900 for planned projects). Earmarked Reserves of a further £148,000 of works planned for 2011/12 were approved as part of the 'Budget 2012/13 and Council Tax – Revenue and Capital' report, by the Executive on 15th February 2012 and Council on 22nd February 2012. A further £58,900 of Earmarked Reserves are presented here subject to approval of the Finance report 'Final Accounts 2011/12' set to be heard by the Executive on 20th June 2012.
- 5.2 **Appendix A** of this report summarises the Corporate Repairs and Improvement budget, and for the proposed planned projects (Table A3) identifies whether projects have been deferred from 2011/12 (Earmarked Reserves) or are new to the 2012/13 programme.
- 5.3 Appendix A also identifies unallocated funds of £35,800. The Corporate Property Investment Board (CPIB) are scheduled to meet in August it is envisaged that a further update report will be sent to executive following this meeting to set out recommendations for the allocation of the remaining unallocated budget of £35,800.
- 5.4 Under proper accounting practices some of the planned projects should be capitalised, primarily because they are deemed to significantly enhance the usage or life of an asset or replace a significant part of an asset, rather than being maintenance/repairs. These will still be funded from the Corporate Repairs and Improvement programme by making a revenue contribution to capital, so there is no change in the 'bottom line'.

- 5.5 The programme will be monitored on a monthly basis as part of the Council's budget management framework. This will involve prioritising the timing of projects, their relative importance and managing the budget.

6. Alternative Options considered

- 6.1 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 options were rejected when the review was carried out in 2008.
- 6.2 A second alternative would be not to proceed with the current proposed programme of works as set out in item Table A3 of Appendix A and ask the CIPB group to defer or reprioritised projects to future years.