

 Executive 12th March 2014		Agenda Item No. <h1>12</h1>
Title: Corporate Property Planned Preventative Maintenance Programme 2015/16		
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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	CMT Report 29th May 2008; Corporate Property Repairs & Maintenance Programme 2008/2009	

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	19/02/2015	Chris Elliott
Deputy Chief Executive	19/02/2015	Bill Hunt
Deputy Chief Executive & Monitoring Officer	19/02/2015	Andrew Jones
Head of Service	19/02/2015	Andy Thompson
Section 151 Officer	19/02/2015	Mike Snow
Portfolio Holder(s)	19/02/2015	Cllr Norman Vincett
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 2015/16.

2. **RECOMMENDATION**

- 2.1 The Executive approve the proposed budget allocation for the 2015/16 Corporate Property Repair and Improvement Programme, as set out in table 2 at 5.3 of this report.
- 2.2 The Executive agree to release up to a maximum of £913,200 from the Corporate Asset Reserve to support the 2015/16 Corporate Property and Repair and Improvement Programme.
- 2.3 The Executive approve the reduction of the 2014/15 budget by £162,800 for items that will now proceed in 2015/16 and are therefore included in the proposed 2015/16 budgets set out in this report.
- 2.4 The Head of Housing & Property Services, in consultation with the Procurement Manager, is authorised to procure the works as per the Code of Procurement Practice.
- 2.5 The Head of Housing and Property Services and The Head of Finance in consultation with their respective portfolio holders are granted delegated authority to approve programme amendments and revised budget allocations within the overall base budget of £2,116,500.
- 2.6 It is proposed that the Section 151 officer and Deputy Chief Executive BH in his role as chair of the Asset Strategy Group, in consultation with the portfolio holders for Housing & Property Services and Finance, be given delegated authority to release monies for the Corporate Asset Repairs Reserve, ensuring that the monies are ring-fenced for the Stock Condition Plan and not to subsidise any Budget Shortfall on the Responsive Repairs or Warwick Plant Maintenance which will be reported and considered separately.

3. **REASONS FOR THE RECOMMENDATION**

- 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 2015/16 is based on the data and recommendations from the stock condition data 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 total base Corporate Property Repairs and Maintenance budget for 2015/16 is £1,203,300 to which £913,200 is requested from the Corporate Asset Reserve to bring the total budget to £2,116,500. Housing and Property Services manage the budget and coordinate the proposed programme of works, which has been set following consultation with the Corporate Property Investment Board and the Asset Strategy Group.

- 3.5 At this time all costs associated with the programme are estimated and the actual cost to deliver the programme of work is liable to change as works are procured. Furthermore the Assets Review work is on-going and it is possible that service area priorities and opportunities that emerge during the course of the financial year may lead the Council to re-profile the programme of work where doing so could secure better long term value.

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 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 2015/16 has been set and agreed in accordance with Council's Financial Strategy. Within the budget setting report considered by members in February, was £1,203,300 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	112,600
Responsive Repairs & Cyclical Maintenance	633,900
Riverside House Backlog Repairs	30,000
Open Spaces Repairs & Maintenance	32,900
'Discretionary Budget' Savings Target	(26,600)
Base Repairs & Maintenance Budget	1,203,300

- 5.2 On 1st April 2015 the corporate asset reserve is projected to stand at £1,090,000. To be able to finance the works seeking to be agreed within this report £913,200 would need to be released from this reserve for 2015/16.
- 5.3 The budget allocation for the year is £2,116,500. The budget is distributed across nine principle 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.

Table 2

Work	Base 2015/16 Programme £	2014/15 Works Slippage £	Total 2015/16 Programme £
Operational Stock Condition Plan	230,000	119,200	349,200
Optimism Bias	49,000	0	49,000
Non-Operational Stock Condition Plan	166,000	28,000	194,000
Open Spaces Stock Condition Plan	402,000	219,500	621,500
Statutory Maintenance Allocation	120,000	0	120,000
Warwick Plant Maintenance	112,600	0	112,600
Responsive Repairs & Cyclical Maint.	633,900	0	633,900
Riverside House Backlog Repairs	30,000	0	30,000
Open Spaces Repairs & Maint.	32,900	0	32,900
'Discretionary Budget' Savings Target	(26,600)	0	(26,600)
Total Revenue Repairs & Maint.	1,749,800	366,700	2,116,500

5.4 As of 19th February 2015 the total slippage estimated to be carried from the 14/15 programme into the 15/16 financial year is £366,700 of which £203,900 had been factored into the February 2015 budget report. Therefore 2014/15 budgets will reduce by an additional £162,800. The slippage is the result of several factors, including weather and access, the availability of labour and materials and the deferring of works to future years in order to maximise programme and/or minimise service disruption.

5.5 Operational Stock Condition Plan (OSCP) & Optimism Bias

The total budget allocation for the 2015/16 planned maintenance programme for operational assets is £349,200 of which £230,000 is defined by the operational stock condition survey data for the financial year and £119,200 is slippage from 2014/15. A contingency of £49,000 has been calculated using national optimism bias guidelines for outsourcing projects. The contingency budget is in place to cover increases in the actual cost of the OSCP over and above the estimated costs provided by the survey.

5.6 Non-Operational Stock Condition Plan (NSCP)

The total budget allocation for the 2015/16 planned maintenance programme for non-operational assets is £194,000 of which £166,000 is defined by the non-operational stock condition survey data for the financial year and £28,000 is slippage from 2014/15.

5.7 Open Spaces Stock Condition Plan (SSCP)

The total budget allocation for the 2015/16 planned maintenance programme for open spaces assets is £621,500 of which £402,000 is defined by the open spaces stock condition survey data for the financial year and £219,500 is slippage from 2014/15.

5.8 Statutory Maintenance Allocation

The total budget allocation for the 2015/16 statutory maintenance of the operational property stock is £120,000. The budget estimate is defined by the statutory maintenance schedule produced as part of the operational stock condition survey. Typical statutory maintenance activities include gas safety testing, electrical safety testing and legionella testing.

5.9 Warwick Plant Maintenance

The total annual budget allocation for staff and subsidiary costs of the Warwick Plant Maintenance team is £112,600.

5.10 Responsive Repairs Allocation

The total budget allocation for responsive repairs is £633,900. 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

£32,900 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 Strategic Asset Group. 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. It is proposed that the Strategic Asset Group and Section 151 officer in consultation with the portfolio holders for Housing and Property Services and Finance, be given delegated authority to release monies for the Corporate Asset Repairs Reserve, ensuring that the monies are ring-fenced for the Stock Condition Plan and not to subsidise any Budget Shortfall on the Responsive Repairs or Warwick Plant Maintenance which will be reported and considered separately.

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. 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 three categories:

- Operational Assets
- Non Operational Assets
- Open Spaces

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 2 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 Strategic Asset Group 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 5 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 2 below.

Table 2

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 Asset Strategy Group.