

 Executive – 17th April 2013		Agenda Item No. 9
Title	Corporate Property Repairs and Improvement Programme 2013/14	
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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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?		
Background Papers	CMT Report 29 th May 2008; Corporate Property Repairs & Improvements 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	21/3/2013	Chris Elliot
Deputy Chief Executive	21/3/2013	Bill Hunt
Deputy Chief Executive and Monitoring Officer	21/3/2013	Andrew Jones
Head of Service	19/3/2013	Jameel Malik
Section 151 Officer	21/3/2013	Mike Snow
Finance	19/3/2013	Mark Smith
Portfolio Holder(s)	27/3/2013	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	

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 2013/14.

2. Recommendation

- 2.1 That the Executive approve the proposed allocation of the Corporate Property Repair and Improvement Programme budget for 2013/14, as set out in Appendix A.
- 2.2 That the Executive approve the proposed allocation of £252,000 to support the three projects slipped from the 2012/13 programme as approved by the Strategic Asset Group and reported to Members in February of this year as part of the Budget Report.
- 2.3 That the Executive approve the proposed allocation of £40,000 to support the delivery of the Abbey Fields Gate House Project.
- 2.4 That the Executive approve the proposed allocation of £45,000 to support the delivery of the Pageant House mains electrical re-wire project.
- 2.5 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.
- 2.6 That the Executive note the ongoing work to develop stock condition information and produce a 5 year maintenance plan for the corporate stock to take effect from April 2014. It is anticipated that this plan will be presented to the Executive in October 2013 and will be one element of a comprehensive strategic Asset Management Plan that addresses the investment needs of all the elements of the Council's current asset base and determines how that asset base may need to be reconfigured to reflect financial and operational considerations.
- 2.7. That Executive approves a maximum allocation of up to £60,000 from the Service Transformation Reserve to fund the engagement of additional temporary staff within the Homes and Property Services service area to undertake surveying and assessment work to inform the development of the strategic Asset Management Plan.
- 2.8 That the Executive note the ongoing piece of work to produce an operational charter for the Corporate Property Repairs and Improvements Budget.
- 2.9 That the Executive note the requirement to complete electrical safety works at the Town Hall prior to February 2014 and that options for the content and delivery of this work are currently being developed. It is anticipated that a report will be brought to Executive in July 2013 outlining scheme options, associated budgets and financing options, in the light of the strategic considerations that will be reflected in the subsequent October report.

3. Reasons for the Recommendation

- 3.1 Housing and Property Services manage the Corporate Property Repairs and Improvement Programme budget and coordinate the proposed programme of works, which has been set following consultation with the Corporate Property Investment Board and Strategic Asset Group.
- 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. **Appendix A** identifies the works proposed for 2013/14 (Table A3) and the list of reserve projects (Table A4). The proposals have followed the previously agreed principles used to categorise schemes and prioritise budget allocations.
- 3.3 A number of projects, previously approved by Executive, have slipped from the agreed 2012/13 programme of works, as detailed in section 5.4 and 5.5. Each scheme has been reviewed by the Corporate Property Investment Board and is considered to be a priority for completion within the 2013/14 work programme. This proposal has been endorsed by the Strategic Asset Group who have recommended that the slipped schemes should be prioritised to commence as early as possible within the new financial year, preferably starting in April 2013.
- 3.4 The Abbey Fields Gate House is a scheduled ancient monument; therefore the Council is obliged to execute works to maintain the monument under the Ancient Monuments and Archaeological Areas Act 1979. Further background is given for this project in item 5.3.
- 3.5 The electrical safety certification for Pageant House is due to expire in June 2013. The existing installation will not pass a new electrical safety test in its current condition and it has been identified that the mains electrical installation will need to be re-wired if the certification is to be renewed and the building is to remain compliant.
- 3.6 Paragraph 12.10 of the Council's Code of Financial Practice, as approved by Members in March of this year states, with regard to schemes in the Capital Programme:
The Council's General Fund Corporate Repairs and Maintenance budget is the responsibility of the Head of Housing and Property Services and is overseen by the Corporate Property Investment Board (CPIB).
Consequently, prior to the start of each financial year the CPIB will present to the proposed allocation of the budget to Executive and recommend specific projects for approval. Further updates will be presented to Executive during the year as necessary.
- 3.7 The responsive element of the budget will be managed by the Head of Housing and Property Services in accordance within approved protocols. The allocation of the Corporate Repairs Budget may impact upon the Capital Programme, but this should always have a neutral impact with the funding matching the expenditure. Where the Capital Programme needs to be amended, this should be reported upon, and addressed along with the project approvals. 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.

- 3.8 Work is underway to analyse the data received from the stock condition survey of the Council's operational properties, undertaken by EC Harris during 2012/13. This survey, together with in-house assessments of the remainder of the Council's asset base (which in addition to the operational properties also includes a significant portfolio of non-operational properties and a portfolio of land-based assets), will inform the development of a strategic Asset Management Plan, covering all elements of the Council's asset base, to be presented to Executive in October 2013.
- 3.9 The Asset Management Plan will take a comprehensive view of the Council's asset base. It is anticipated that operational issues, under consideration through the Fit for the Future Programme and the Delivery Plans to support the Local Plan, and financial issues, identified through the detailed work to assess future maintenance liabilities and investment priorities currently being undertaken, may highlight the need to consider a reconfiguration of elements of the asset base.
- 3.10 Whatever decisions are made in respect of the current asset base there will be a need to ensure that the maintenance and investment liabilities of the Council's assets are adequately reflected in the Medium Term Financial Strategy. A 5 year maintenance plan will therefore be presented as one element of the wider Asset Management Plan.
- 3.11 In order to inform the development of the Asset Management Plan and the 5 year maintenance plan an intensive piece of surveying and assessment work is required. Officers do not consider that outsourcing this work represents a best value solution so propose to engage specialist staff within Housing & Property Services on a temporary basis. Estimates for an outsourced, tendered piece of work are c£100,000 but it is felt that internal costs can be contained within a £60,000 allocation from the Service Transformation Reserve. This approach will have the additional benefit of detailed knowledge of the stock, essential for the future management of the 5 year plan, being captured and retained in-house.
- 3.12 In parallel to the detailed stock condition work the Housing & Property Services and Finance service areas are collaborating with the CPIB to produce an operational charter governing the future use and management of the Corporate Property Repairs and Improvements Budget. The purpose of the charter is to proactively manage and monitor expenditure from the repairs and maintenance budget and to provide a clear sequential process for projects from inception to completion.
- 3.13 Members should also note that the electrical safety certification for the Town Hall is due to expire in Jan 2014. It is already known that existing electrical installations will not pass a new electrical safety test and that further investment will be required. There are a range of options to ensure the continued compliance of the building; from small scale system alterations to extend the life in the short term, estimated to cost £30, 000, to a larger scale rewiring and upgrading programme, estimated to cost at least £200,000.
- 3.14 The decision on the level of investment required is dependant of the Council's medium to long term aspirations for the building. An assessment of future use options for the building is currently being conducted by the Investment Partnership LLP formed with Public Sector Partnerships, which will, in turn, feed into the strategic Asset Management Plan. Therefore, at present CPIB, wish only to flag the need for a future report to be brought back to Executive with

recommendations as to the scale and cost of proposed work which will be informed by these wider strategic asset management considerations.

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 2013/14 has been set and agreed in accordance with Council's Financial Strategy. It is proposed that the budget be re-distributed for 2013/14 in response to reoccurring overspends of the budget ring-fenced for responsive and cyclical repairs.
- 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 2012/13 or are new to the 2013/14 programme.
- 5.3 The base budget for 2013/14 is £1,187,400. It is proposed that the responsive and cyclical element is increased by £103,100 from £633,900 to £737,000 to align with expenditure trends in previous financial years. This will reduce the budget available for projects in 2013/14 to £337,800.
- 5.4 The Strategic Asset Group approved delaying expenditure on the projects in the table below in December 2012 in response to budgetary pressures on the 2012/13 budget. Their decision was based on a recognition that these previously approved projects should be recommended for completion as soon as possible within the new financial year.
- 5.5 The February Budget Setting Report explained to Members the reasons for the deferral due to the pressures on the Responsive Maintenance Budget, for which Members approved a Non-Recurrent increase to redress the 2012-13 position. The Corporate Property Investment Board has reviewed the priority of each of the projects and considers that all should remain on the project plan for 2013/14. After the allocation of these projects there remains an unallocated balance of £85,800.

Project	Value
Christchurch Gardens – remake dwarf walls	£30,000
Leamington Cemetery – Pathway resurfacing	£35,000
Castle Farm – Replace roof	£187,000
Total	£252,000

- 5.6 Abbey Fields gate house project was approved for delivery in 2010/11 with a budget allocation of £12,000. The project is a sensitive conservation scheme and as a result, design and specifications are subject to the scrutiny and approval of English Heritage. The project has been deferred each year from 2010/11 while the scheme brief has evolved. Working in consultation with English Heritage and the Kenilworth Conservation Group, detailed designs have now been approved. A revised budget estimate of £40,000 is proposed to cover the roof replacement and associated works that have become necessary as a result of the continued deterioration of the building in the two years it has taken to develop the scheme and obtain scheduled ancient monument consent.
- 5.7 The Council have an obligation to maintain its scheduled ancient monuments; failure to do so to the satisfaction of English Heritage may result in prosecution under the Ancient Monuments and Archaeological Areas Act 1979. For this reason and with consideration to the schemes cultural and sustainability benefits, the Corporate Property Investment Board considers that the project should be delivered in 2013/14. Should this project also be approved the unallocated balance would reduce to £45,800.
- 5.8 The mains electrical installation at Pageant House has reached the end of its service life and we have been advised that it is unlikely to meet the minimum standards for electrical safety when it is next due to be tested in April 2013. This work is estimated to cost £45,000 and is considered a priority by the Corporate Property Investment Board for the purposes of meeting obligations under the Landlord and Tenant Act 1985 and securing the future use of the asset. Should this project be approved the unallocated balance would reduce to £800.
- 5.9 Under proper accounting practices some 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. Such projects will 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' of the Council's Expenditure.
- 5.10 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. Members approved the updated Code of Financial Practice in March of this year.

- 5.11 The unallocated balance on the Service Transformation Reserve is £998,000. Approval of recommendation 2.7 would reduce the unallocated balance to £938,000.

6. Alternative Option(s) 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, but instead defer any or all of the prioritised projects to future years and accept the risks associated with deferring the recommended projects.
- 6.3 The option of outsourcing the detailed surveying and assessment work on the Council's asset base was rejected as not providing value for money. The proposed approach set out at 2.7 enables knowledge to be captured and retained within the workforce which will benefit future management of the maintenance and investment programme.