

Agenda item	6
Report no	EDI 03/17

HIGHLAND COUNCIL

Committee: Environment, Development and Infrastructure Committee

Date: 8 November 2017

Report Title: Property Revenue Maintenance Budget 2017/18 Budget Allocation

Report By: Director of Development and Infrastructure

1. **Purpose/Executive Summary**

- 1.1 This report sets out the allocation of the 2017/18 Property Revenue Maintenance Budget using the same basis as has been adopted in previous financial years.
- 1.2 The approved Property Revenue Maintenance Budget for 2016/17 excluding fees was £3,902,360.
- 1.3 In November 2016 a budget pressure bid of £1.6m was submitted to deal with the backlog of works identified during statutory servicing and the increase in costs for servicing the additional plant and equipment being installed in the property estate. A budget pressure award of £625k has been accounted for in this report.
- 1.4 A budget saving of £250k for 2017/18 has also been accounted for in this report.
- 1.5 For the purposes of workload planning it has been assumed that the Property Revenue Maintenance Budget for 2017/18 will be set on the same basis to that of 2016/17 with the addition and saving items above factored in to provide a net increase of £375k giving a total of £4,277,360.
- 1.6 Approval of proposed allocations is being sought to ensure that progress can be made on specifying and commissioning work.

2. **Recommendations**

- 2.1 Members are asked to approve the proposed work categories and budget allocations for the 2017/18 Property Revenue Maintenance Budget.

3. 2017/18 Proposed Work Categories and Budget Allocations

- 3.1 Analysis of information from the ongoing property condition reviews, service reports, previous maintenance spend profiles and consideration of the considerable investment the Council has undertaken in its property portfolio in recent years, has been undertaken to assess the maintenance profile requirements of the estate. To address the various property demands of the estate the Property Revenue Maintenance Budget has been allocated to:
- carry out statutory works and servicing of plant, equipment and fabric;
 - carry out statutory and planned preventative works to maintain the external/internal fabric of buildings, as well as replacing failed mechanical and electrical installations;
 - deal with urgent/emergency/health and safety property repairs, maintain essential mechanical and electrical services as well as keeping general fund properties wind and watertight; and
 - comply with specific lease conditions on leased properties.
- 3.2 For property performance to improve, it is essential that an adequate balance is set between reactive repairs and planned maintenance works. Planned maintenance should, if managed effectively, provide increased value for money compared to continually having to meet the cost of unplanned day to day repairs. It should be noted however that the sum awarded for budget pressures in 2017/18 is significantly less than the sum applied for; as a result, some planned preventative maintenance activities may need to be deferred to ensure that statutory works can be undertaken.
- 3.3 CIPFA recommendations are that maintenance budgets are split 30% for reactive repairs, and 70% for planned works, the 2017/18 budget has been set to an initial target split between reactive and planned of 28% and 72% respectively.
- 3.4 The process of analysis of information from the ongoing property condition reviews, service reports, previous maintenance spend profiles and other associated information will continue to inform the maintenance requirements and profile of the estate. This process will assist with forecasting resource requirements for the maintenance of the estate in the coming years. In addition, steps will be taken to scope and implement a property change governance process to ensure efficiencies in required property maintenance activities and control of changes to the property estate are managed effectively.
- 3.5 The table in **Appendix 1** summarises proposed work categories and budget allocations for the 2017/18 Property Revenue Maintenance Budget.

4. Revenue Budget Monitoring

- 4.1 Progress with approved revenue maintenance expenditure for 2017/18 will be reported to Committee on a regular basis throughout the financial year.

5. Implications

- 5.1 Resource: Budget headings have been adjusted / redistributed to reinforce the Statutory Engineering Works category to support plant and equipment statutory inspections and maintenance works required. Reviews are on-going and it should be noted that the sum awarded for budget pressures in 2017/18 is significantly less than the sum applied for; as a result, some planned preventative maintenance activities may need to be deferred to ensure that statutory works can be undertaken.

- 5.2 Legal: Failure to comply with statutory property legislation could lead to loss of service delivery, personal injury and potential prosecution by the Health & Safety Executive.
- 5.3 Community (Equality, Poverty and Rural): This report does not have any specific implications.
- 5.4 Climate Change / Carbon Clever: Specifications which maximise energy efficiency will be developed for planned maintenance of property elements such as heating, lighting, roofs and window, thereby reducing carbon emissions and future fuel costs. Note: Inspection, testing and servicing of biomass boilers and renewable heating are included within separate fuel / maintenance contract arrangements.
- 5.5 Risk: Failure to continue to invest in Property Maintenance may increase the risk profile associated with ensuring the safe use of premises.
- 5.6 Gaelic: This report does not have any specific implications.

Designation: Director of Development and Infrastructure

Date: 17 October 2017

Author: Stuart Duncan, Property Manager

Appendix 1

Proposed Property Revenue Maintenance Budget Allocation for 2017/18

	2016/17 Allocated Budget	2017/18 Proposed Budget Allocation	Budget Allocation Increase or Decrease
Day to Day Building	500,000	540,000	+ 40,000
Day to Day Engineering	500,000	540,000	+ 40,000
Vandalism	50,000	50,000	No Change
Engineering Service Contracts	1,888,560	1,285,360	- 603,200
Statutory Engineering Works	0	658,000	+ 658,000
Planned / Preventative Maintenance	670,000	694,000	+ 24,000
Legionella / Water Management Works	0	220,000	+ 220,000
Kitchen Fabric - EHO Reports	43,000	50,000	+ 7,000
Structural Surveys	25,000	25,000	No Change
High Alumina Cement Beam Monitoring	10,000	10,000	No Change
Fire Legislative Measures	70,000	70,000	No Change
Radon Management	20,000	10,000	- 10,000
Insurance Identified Work	30,600	30,000	- 600
Insurance Surveys	33,000	33,000	No Change
Storm Damage / Winter Contingency	62,200	62,000	- 200
Overall Budget Total	3,902,360	4,277,360	+ 375,000