

Agenda Item	13.
Report No	HP/30/24

The Highland Council

Committee: Housing and Property

Date: 6 November 2024

Report Title: Property Revenue Maintenance Programme Update 2024-25

Report By: Assistant Chief Executive Officer – Place

1. Purpose/Executive Summary

1.1 This report provides members with an overview of the Property Revenue Maintenance budget categories along with expenditure and commitment to the 30th of September 2024. The budget is allocated to fund maintenance works to the Councils general fund assets consisting of day-to-day repairs, health & safety works, engineering service contracts, and planned maintenance works.

2. Recommendations

2.1 Members are asked to:

- i. **NOTE** the budget categories for the Property Revenue Maintenance budget.
- ii. **NOTE** the budget position for the second quarter of the 2024/25 financial year.
- iii. **NOTE** the year end balanced budget, being forecast.

3. Implications

3.1 **Resource:** There remain challenges in financial forecasting due to the ongoing inflationary impact on service budgets. Spend on construction related matters, in particular material costs and utilities, continues to be impacted. This is in addition to the general fluctuations in fuel costs and wage increase pressures.

3.2 **Legal:** The maintenance budget supports delivery of a range of statutory related property compliance services. Income generation is permitted and is an integral part of the Service budget.

3.3 **Risk:** There is ongoing risk in that pressures will continue to emerge, particularly external factors such as fluctuating material costs, contractor availability, rising fuel/energy costs and the Ukrainian conflict, all impacting on our supply chain's ability to keep up with demand.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people):** Where possible, we seek to mitigate the impact on cost on revenue budgets by capitalising spend on revenue repairs where appropriate and/or through drawdown of approved earmarked reserves where these exist, such as the approved ringfenced

Health and Safety budget. Further cost control measures include reprioritising and/or deferring of a range of repairs where that is considered reasonable and appropriate and consistent with our legal responsibilities to building users and occupiers. The opportunity cost of this approach however is that all the above can mean that there will need to be an element of expectation management in terms of the nature and extent of what works may be carried out and in what timescale, and in some cases, whether some categories of works will be carried out at all.

3.5 **Gaelic:** None to highlight at present.

4. **Impacts**

4.1 In Highland, all policies, strategies, or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.

4.3 This is a monitoring update report and therefore an impact assessment is not required.

5. **Property Revenue Maintenance Budget – 2024/25**

5.1 The Property Revenue Maintenance Budget for 2024/25 has been set at £8,206,400.

5.2 The table in **Appendix 1** summarises the allocated budgets by work category and details expenditure as of 30 September 2024.

5.3 It will be noted that 50% of the way through the year, 57% of the budget has been spent or legally committed. It is currently anticipated that the overall budget will be fully spent at the end of the current financial year 2024/25. A year end balanced budget is currently forecast.

6. **Single Property Service and Associated Budgets**

6.1 The Council, as part of the Reconfiguring our Asset Base Portfolio has approved the formation of a Single Property Service that will have responsibility for the maintenance and delivery of all existing and new General Fund assets such as:

- Secondary Schools
- Primary Schools
- Special Schools
- Nurseries
- Gaelic Medium Facilities
- Community Centres
- HLH Properties
 - Leisure Centres
 - Swimming Pools
 - Libraries
 - Museums
 - Visitor Centres
- Depots
- Offices
- Service Points

- Harbour Infrastructure
- SW Facilities
- PPP Facilities
- DBFM Facilities - (Wick Campus)
- LEIP Funded Facilities
- Future Community Points of Delivery

6.2 In addition to the properties above all relevant property related budgets will also transfer over to the Single Property Service, this work is currently underway.

6.3 **Other Properties – Leased in/Leased Out**

6.3.1 The Council also leases in and lease out various categories of property and these include Eden Court Theatre. The Council owns the theatre but responsibility for maintenance sits with the theatre management team. The Council also provides procurement support to the theatre team via access to statutory compliance engineering contracts that the Council has in place for maintaining its General Fund assets.

7. **Property Maintenance Budget Categories and Performance**

7.1 **Asbestos Work** – This budget has been allocated to deal with control of asbestos containing materials identified prior to commencing routine maintenance repairs. The current level of committed spend is within target at 44%.

7.2 **Fire Legislative Measures** – This budget has been allocated to deal with minor works identified during the course of conducting Property Fire Risk Assessments. Current expenditure is within target at 27%. This expenditure will be monitored to ensure that it is contained within the overall budget allocation.

7.3 **PPM (Service) Contract Charges** – This budget has been allocated to meet the cost of servicing fixed plant and equipment. The level of committed spend is currently at 39% which reflects the timing of commissioning of Engineering Service Contracts. This expenditure will be monitored to ensure that it is contained within the overall budget allocation.

7.4 **PPM Non-Contract Repairs** – This budget has been allocated to deal with minor works identified during the course of carrying out engineering service contracts Current expenditure is above target at 65%. This expenditure will be monitored to ensure that it is contained within the overall budget allocation.

7.5 **HACC Beam Monitoring** – This budget has been allocated to fund an annual programme of inspections of High Alumina Cement structural beams. A structural engineering company has been appointed to monitor the condition of all HACC beams within Council premises. It is anticipated that this budget allocation will be fully spent by year end.

7.6 **Radon Gas Management** – This budget has been allocated to fund an annual programme of radon gas monitoring. Current expenditure is within target at 44%. This expenditure will be monitored to ensure that it is contained within the overall budget allocation.

7.7 **EHO Report Work** – This budget has been allocated to deal with specific work identified by Environmental Health Officers when inspecting Council kitchens to ensure compliance with the Food Safety Act. The current level of committed spend is running above target at 61%. This expenditure will be monitored to ensure that it is contained within the overall budget allocation.

- 7.8 **Day to Day Repairs – Building** – The current level of committed spend is running at 95% which is above the targeted spend of 50%. This higher expenditure figure is due to some work commissioned last year being carried forward into this financial year. This expenditure will be monitored, and earmarked balances drawn down as necessary to ensure that we keep buildings safe and secure and risk ratings at an acceptable level.
- 7.9 **Planned-Preventative Maintenance** – This budget has been allocated to meet the cost of minor works such as roofing projects, window/door replacements, rewiring projects, etc. The current level of committed spend is running at 71%.
- 7.10 **Day to Day Repairs - M&E** – The current level of committed spend is running at 87% which is above the targeted spend of 50%. This higher expenditure figure is also due to some work commissioned last year being carried forward into this financial year. This expenditure will be monitored, and earmarked balances drawn down as necessary to ensure that we keep essential service installations operational and risk ratings at an acceptable level.
- 7.11 **Vandal Damage** – This budget has been allocated to deal with wilful damage to Council buildings. The level of committed spend is currently at 66%. This expenditure will be monitored to ensure that it is contained within the overall budget allocation.
- 7.12 **Insurance Identified Work** – This budget has been allocated to deal with specific work identified by the Council’s Insurers when carrying out statutory inspections of Council Properties. Remedial works are now being progressed and the current level of committed spend is running at 65%. It is anticipated that this budget allocation will be fully spent by year end.
- 7.13 **Storm Damage** – This budget has been allocated to meet the cost of making good weather-related incidents that affect the property portfolio. Current expenditure is within target at 29%. This expenditure will be monitored to ensure that it is contained within the overall budget allocation.
- 7.14 **Property Insurance** – This budget has been allocated to fund the services annual contribution to the meet the cost of insuring the Councils main office accommodation. The budget reflects payments to the Council insurer which will result in the budget being fully expended by the end of the current financial year.
- 7.15 **Structural Surveys** – This budget has been allocated to allow surveys of major structural defects to be instructed as and when they are identified. Some essential building surveys have been completed and committed spend is now running at 15%. This expenditure will be monitored to ensure that it is contained within the overall budget allocation.
- 7.16 **Service Delivery** – This budget has been allocated to meet the cost of delivering the Maintenance service across Highland. This expenditure will be monitored to ensure that it is contained within the overall budget allocation.

Designation: Assistant Chief Executive – Place

Date: 18 October 2024

Authors: Finlay H. MacDonald, Chief Officer – Property & Assets

Appendices:

Appendix 1: Property Revenue Maintenance Budget 2024/25

Property Revenue Maintenance Budget 2024/25					Appendix 1
% of Way Through the Financial Year	50%				
Work Category	Budget	Legally Committed	Paid	Balance	% of Budget Paid / LC
Asbestos Work	£100,000	£26,618	£17,252	£56,131	44%
Fire Legislative Measures	£500,000	£74,224	£61,760	£364,017	27%
PPM (Service) Contract Charges	£2,965,400	£24,522	£1,136,737	£1,818,031	39%
PPM Non-Contract Repairs	£1,319,000	£307,641	£551,200	£460,158	65%
HACC Beam Monitoring	£10,000	£4,480	£2,140	£3,380	66%
Radon Gas Management	£10,000	£1,850	£2,531	£5,619	44%
EHO Report Work	£50,000	£6,948	£23,562	£19,490	61%
Day to Day Repairs - Building	£750,000	£312,407	£403,021	£34,572	95%
Planned-Preventative Maintenance	£972,722	£309,333	£382,103	£281,287	71%
Day to Day Repairs - M&E	£750,000	£332,222	£316,633	£101,145	87%
Vandal Damage	£50,000	£13,890	£18,958	£17,151	66%
Insurance Identified Work	£100,000	£22,297	£42,813	£34,890	65%
Storm Damage	£62,000	£1,400	£16,688	£43,912	29%
Property Insurance	£33,000	£0	£2,709	£30,291	8%
Structural Surveys	£25,000	£2,160	£1,560	£21,280	15%
Service Delivery	£509,278	£0	£279,823	£229,455	55%
Overall Totals:	£8,206,400	£1,439,992	£3,259,489	£3,520,809	57%