

Agenda Item	8
Report No	HP/05/25

The Highland Council

Committee: Housing and Property

Date: 29 January 2025

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 31 of December 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. **SCRUTINISE AND APPROVE** the budget categories for the Property Revenue Maintenance budget.
- ii. **SCRUTINISE AND APPROVE** the budget position for the third quarter of the 2024/25 financial year.
- iii. **SCRUTINISE AND APPROVE** 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 Works Budget for 2024/25 is set at £8,408,670, this includes a £2m budget pressure draw down from reserves as agreed by members at the Highland Council meeting on the 29 February 2024.

5.2 The table in **Appendix 1** summarises the allocated budgets by work category and details expenditure as of 31 December 2024.

5.3 It will be noted that at 75% of the way through the financial year, 79% of the budget has been spent or legally committed. It is anticipated that the overall budget will be fully spent by the end of the 2024/25 financial year. While expenditure is currently running slightly above target, the rate of spending on planned maintenance budgets is expected to decrease in the coming months due to the time of year and limited opportunities to undertake works in the school estate, given the lack of prolonged holiday periods. As a result, a balanced budget is forecast for year-end.

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:** 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 running at 80%. This expenditure will be monitored to ensure that it is contained within the overall budget allocation.

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 37%. 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 61% 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 running at 78%. 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. Current expenditure is running at 85%. This expenditure will be monitored to ensure that it is contained within the overall budget allocation.
- 7.6 **Radon Gas Management:** This budget has been allocated to fund an annual programme of radon gas monitoring. Current expenditure is above target at 117%. 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 at 67%. 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 above target at 115%. 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 95%. This expenditure will be monitored to ensure that it is contained within the overall budget allocation.
- 7.10 **Day to Day Repairs - M&E:** The current level of committed spend is running above target at 116%. 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 90%. 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 107%. This expenditure will be monitored to ensure that it is contained within the overall budget allocation.
- 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 44%.
- 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 within target at 19%.
- 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: 31 December 2024

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Appendices: Property Revenue Maintenance Budget 2024/25

Appendix 1

Property Revenue Maintenance Budget 2024/25			% of Way Through the Financial Year		75%
Work Category	Budget	Legally Committed	Paid	Balance	% of Budget Paid / LC
Asbestos Work	100,000	29,312	50,554	20,135	80%
Fire Legislative Measure	500,000	80,099	107,018	312,882	37%
PPM (Service) Contract Charges	2,745,400	34,796	1,637,037	1,073,566	61%
PPM Non-Contract Repairs	1,539,000	387,806	819,296	331,898	78%
HACC Beam Monitoring	10,000	0	8,533	1,468	85%
Radon Gas Management	10,000	9,122	2,531	-1,653	117%
EHO Report Work	50,000	5,414	28,205	16,381	67%
Day to Day Repairs - Building	837,496	351,026	612,838	-126,368	115%
Planned-Preventative Maintenance	1,000,000	344,861	601,148	53,991	95%
Day to Day Repairs - M&E	837,496	443,096	527,240	-132,840	116%
Vandal Damage	50,000	17,662	27,300	5,038	90%
Insurance Identified Work	100,000	36,444	70,666	-7,110	107%
Storm Damage	62,000	4,725	22,279	34,996	44%
Property Insurance	33,000	0	2,709	30,291	8%
Structural Surveys	25,000	2,200	2,520	20,280	19%
Service Delivery	509,278	0	372,165	137,113	73%
Overall Totals:	8,408,670	1,746,563	4,892,039	1,770,068	79%