

FOR PUBLICATION

UPDATE ON NON-HOUSING REPAIRS AUDIT

Meeting: Standards and Audit Committee

Date: 21st September 2016

Report by: Head of Contract (Kier)

At the meeting of the Standards and Audit Committee in June 2016 it was resolved that progress on the implementation of the audit recommendations in respect of non-housing property repairs be reported to the next meeting of the Committee in September 2016.

At the meeting in June it was recorded that that the Corporate Asset Management Group would be taking a more active role in steering this. The item has now been included as a standard item on the agenda for the Corporate Asset Management Group. Michael Rich and Councillor Gilby attend these meetings.

The July 2015 audit of the Council's property repairs fund/non housing property repairs was reported as unsatisfactory. A follow up audit occurred in April 2016. The scope and objectives of this audit was to ensure that recommendations made in the previous audit have been implemented. The 2016 audit concluded that progress had been minimal since the previous 2015 audit, resulting in the overall assessment of the implementation of the recommendations remaining as unsatisfactory, as further considerable improvement is still required - primarily to establish the objectives of the Property Repairs Fund and the ten-year programme covering repairs and associated levels of contributions.

Current Position as at September 2016

1. It has been confirmed that 5 year condition surveys have now been concluded with all Council (non-housing) premises inspected.

These condition surveys were delivered on time within the PPP contract required timescales.

2. Based on the results of the condition surveys (completed in March 2016) Kier have proposed a programme to review the contributions each property makes to the Property Repairs Fund. Each property will have a new 10 year maintenance plan. The programme is shown in the table below. The initial 6 month programme focuses on the top 16 properties which contribute to the Property Repairs Fund. These 16 properties total more than 50% of the annual contributions to the Property Repairs Fund. Each property will be reviewed with the relevant Service Manager in order to ensure the Service Manager has visibility and the ability to assist in the contribution review.
3. Following the completion of the review of these 16 properties a report will be presented to the Council showing the impact the proposed new contributions will have on each property budget. At that point the Council will have a clearer picture as to the condition level of which it can afford to maintain these properties in. It will also guide the remaining properties reviews.
4. The current financial arrangement is that large items of capital repairs (e.g. lifts, large boiler renewals etc) form part of a capital programme rather than annual contributions to the Property Repairs Fund. It is unlikely that this will change given the Council's current and future budget deficits. However, the new maintenance plans will identify these large items of repair / replacement to ensure that the Council has visibility of future liabilities. Historically the Council paid for the capital programme via capital receipts (sale of assets). The funding of the capital programme is likely to be restricted until large sales of capital receipts take place such as the sale of land at Linacre Road etc.
5. A review of the Pavements Shopping Centre property fund has already shown that the annual contributions to that renewal fund would need to be increased. It is likely that the proposed reviews will show the same.
6. An audit will be undertaken on the Non-Housing Repairs Fund in April 2017 to ensure there is satisfactory progress.

Programme for Renewal Reviews

<u>Sub-categories</u>	<u>Service Manager</u>	<u>Completion</u>
Pavements Centre	J Clarke Humphries/M Sorby	Feb-16 (completed)
Fountain House	J Clarke Humphries/M Sorby	Feb-16 (completed)
Tapton Innovation Ctr	Teri-Louise Horne/Neil Johnson	Sep-16 (commenced)
Dunston Innovation Ctr	Teri-Louise Horne/Neil Johnson	Sep-16 (commenced)
New QPSC	Christopher Wright	Oct-16
HLC	Darren Townsend	Oct-16
Winding Wheel	Anthony Radford	Nov-16
Pomegranate Theatre	Anthony Radford	Nov-16
Museum	Alyson Barnes	Nov-16
Market Hall	Andy Bond/Ron Thompson	Dec-16
Town Hall	David Wallace	Jan-17
Revenues Hall	Damon Bruce	Jan-17
Beetwell St MSCP	Andy Bond	Feb-17
Prospect House - 1-25	Matthew Sorby	Oct-16
Venture House	Matthew Sorby	Oct-16
Crematorium	Angela Dunn	Feb-17