

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - COMMUNITY 7 JUNE 2011

SCRUTINY COMMITTEE - RESOURCES 22 JUNE 2011

AIM PROPERTY MAINTENANCE OUTTURN REPORT 2010/11

1 PURPOSE OF THE REPORT

- 1.1 This is the fourth quarterly/outturn report, covering the period from January to March 2011 (but including updated figures at 21 April 2011). The outturn report details the financial position of the £7.6m programme of reactive and planned property maintenance and refurbishment at the end of financial year 2010/11 but before final closure of accounts. So it is possible that some changes to the financial position reported here may yet take place. This report covers just revenue funded housing and non-housing schemes as approved by Council for the financial year 2010/11. In some cases this programme further includes budgets for schemes rolled forward from 2009/10. Where necessary the report provides specific details on significant programme variations.

2 BACKGROUND

- 2.1 The Council approved the following:

	£	
Housing budgets		
(a) Housing Reactive Repairs	4,869,700	
(b) Housing Servicing Contracts	691,300	
(c) Housing Maintenance Works	<u>430,000</u>	£ 5,991,000
Non-housing budgets		
(d) Service Recharges	274,080	
(e) Lease Requirements	53,840	
(f) AIM Priority Programme	292,130	
(g) AIM Reactive Repairs - General	526,380	
(h) AIM Service Contracts	401,140	
(i) AIM Operational Essentials	<u>79,630</u>	£ 1,627,200
Total	<u>£ 7,618,200</u>	

- 2.2 The level of spending against the specifically monitored budgets in 2010/11 above indicates that despite overspend in several areas, overall underspend of some £1.7m (-22%) has been accrued, mainly from in the housing programme.

A copy of the full financial monitoring report is available in the Members' Room, on the Council's website or available on request.

HOUSING

2.4 Housing Reactive Repairs generally – combined budget £4,869,700

This budget is split into nine separate parts in order to better raise and monitor orders and control work and costs. As all these separate provisions are essentially for works of a reactive nature it is difficult to predict the extent or pattern of likely expenditure in the year.

However, spending at this time indicates some overspend has arisen against the budget provision for gas equipment replacements, such overspend is more than compensated by underspend elsewhere within this combined budget.

In particular it was budgeted that a revenue contribution of £1.765m would need to be made towards financing the HRA Capital Programme. However, it is now forecast that a revenue contribution of only £1.050m will be required thereby showing underspend of £715k.

This underspend effectively arises from a significant reduction in spending in the HRA Capital Programme in 2010/11. Such reduction is mostly attributable to delays to the kitchen replacement and central heating programmes as a result of the incumbent main contractor being placed into administration. This has subsequently led to delays in both programmes due to the need to instigate a retendering process for the continuation of the work in 2011.

With reduced spending also predicted in General Maintenance and particularly Empty Property repairs, the consequent prediction at this time is that an overall underspend of some £1.25m will occur for this combined budget at year end.

2.5 Door entry Systems (maintenance) – budget £49,900

This budget is set annually for maintenance of these communal property entry systems. This budget also covers for repairs required thereto, which are difficult to predict both in terms of incidence and cost. This year the amount of repairs have meant the budget has proved insufficient for the work required. Overspend of some £6,000 has therefore occurred.

2.6 Legionella Testing – budget £10,400

This budget is set so that regular risk assessment and testing of communal water systems can be carried out in order to ensure that the health and safety of residents is protected in terms of legionella. The costs incurred this year, through having to update and carry out work to water systems to meet the requirements of the relevant approved code of practice, have exceeded its provision by some £34,000. Nevertheless this overspend has been more than compensated by savings elsewhere.

2.7 Internal Decorations Communal Areas – budget £80,000

This budget is annually set for the planned cyclical decoration to common areas of communal properties or sheltered accommodation. This budget has been overspent this year by some £30,000. This has occurred because, with costs rising, it was decided to take the opportunity now to decorate the common areas of Rennes House, which is a relatively expensive task and which could only become more expensive if delayed. Nevertheless savings, for example, in other internal decoration budgets more than compensates for overspend here.

NON-HOUSING

2.8 Fees – budget £274,080

This budget is annually set to cover the internal fees attributed to project feasibility, design, contract production, procurement, site supervision, settlement of disputes and final accounts, all in relation to the administration and completion of AIM programme. The internal fees are those calculated for the contribution made by Contracts and Direct Services and Engineering and Construction technical staff. The budget set is an estimate largely based on previous year's fee levels, so does not therefore account for the potential

variances and complexities involved in project work, which often demands more technical staff time be allocated in the forthcoming year. This year the fees associated with the work carried out exceed the budget by some £15,000 due to the relatively unforeseen and varied complexities that have arisen with projects this year.

2.9 Mill Leat Wall Repairs – budget £13,000

This budget was set to repair a council owned stone wall separating private gardens from the leat. The wall had completely collapsed in one position and was crumbling in other adjacent parts which established a potential hazard for the private occupiers. The work has been completed at a value of some £27,000. However, for transparency, whilst the full cost of the repairs have been set against the budget, bringing a £14,000 overspend, provision was arranged such as to negate this overspend by using £9,000 from contingency funds and through receiving a contribution of £5,000 from the Countryside Services operational budget. Savings in reactive budgets more than compensate for overspend here.

2.10 Non-Housing Reactive Repairs – combined budget £526,380

This budget is split into twelve separate parts in order to better raise and monitor orders and control work and costs. As all these separate provisions are for works of a reactive nature it is difficult to predict the extent or pattern of likely expenditure in the year. However, whilst spending indicates some overspend has arisen against the budget provision for Environmental Health and Canal Special Works repairs, such overspend is more than compensated by underspend elsewhere within this combined budget.

2.11 Canal Operational Essential Works – budget £24,440

This budget is set each year to finance works of a minor repair and replacement nature in order to maintain the canal services operated for customers. This year the cost of repairs and other financial demands on the service have meant overspend of some £19,000 has occurred. Nevertheless, as above, this overspend can be absorbed by anticipated savings elsewhere in non-housing budgets

3 RECOMMENDED

- (1) that the outturn financial position of the £7.6m programme of reactive and planned property maintenance and refurbishment for 2010/11, as detailed above be noted.

HEAD OF CONTRACTS AND DIRECT SERVICES
ACTING HEAD OF HOUSING
ACTING HEAD OF ESTATES
HEAD OF TREASURY SERVICES

COMMUNITY & ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:

None