

PERTH AND KINROSS COUNCIL

Property Sub-Committee – 12 September 2012

CORPORATE PROPERTY MAINTENANCE POLICY AND STRATEGY PLAN**Report by Depute Director (Environment)****ABSTRACT**

This report highlights the requirement for an effective property maintenance policy, based upon sound asset management planning principles and regular inspection. The report indicates the importance of such a policy and subsequent strategic plan in ensuring that the Council's buildings are fit for purpose, both now and into the future; able to support the delivery of essential services, protect the health and safety and comfort of the users and public and maintain the asset value of the buildings for the benefit of the Council and community.

1. RECOMMENDATIONS

1.1 The Sub-Committee is requested to:

- i) agree that the maintenance policy statement, which forms Appendix 1 to this report, should be adopted as Council policy for non-domestic property maintenance.
- ii) note that Property Division's Facilities Management [FM] Maintenance Team, will produce a detailed maintenance strategy plan document for guidance.
- iii) agree that the Property Division's FM Maintenance Team's objectives, which forms Appendix 2 to this report, should be adopted as a standard for the Council's non-domestic property maintenance, and should form the basis of the strategy plan.
- iv) note that Property Division's FM Maintenance Team will, as part of the ongoing asset management planning process, produce annual prioritised programmes of maintenance and targeted refurbishment for consideration at budget review.
- v) approve that these annual prioritised programmes, and reactive works, should be funded, subject to the availability of financial resources, as an ongoing commitment to the provision of safe and compliant buildings and sustainability of the building portfolio.
- vi) note that The Head of Technical Services will submit an annual report to Committee outlining the apportionment of the revenue budget and how this relates to the Maintenance Strategy Plan.

2. BACKGROUND

2.1 It is now over 15 years since the Council's current maintenance policy was approved by the Property and Information Technology Sub Committee (report

No 96/388 refers) and during this time the maintenance backlog has grown from £12m, reported at the time, to over £35m today.

- 2.2 This £1.5m rise per annum in the backlog that this represents, cannot be sustained. This is despite the investment made over the intervening years in both revenue and capital maintenance. The fact that the buildings have remained, for the most part open, available and operational, has been due to careful and skilled prioritisation by Property staff, and dependence on emergency or reactive repairs. Adequate investment in planned, preventative maintenance is now required.
- 2.3 The Council has a statutory duty to deliver essential services to the community which it serves. Almost without exception, these services rely upon Council buildings, through which such service delivery is made. It is just as unacceptable to deliver essential services through a building which does not meet statutory or health and safety requirements, as not to deliver the service at all.
- 2.4 The burden of property-related and other legislation surrounding the provision and use of buildings continues to grow and much of the budget currently allocated to maintenance (approximately 55% of the 'revenue' allocation) is expended on statutory servicing and testing.
- 2.5 Leased buildings, [some of which have adverse conditions attached], life-expired buildings, and vacant properties, are all having a detrimental effect on maintenance funds available to spend on the operational properties. This inevitably could lead to less maintenance and indeed potential closures of these vital buildings.
- 2.6 At present, the existing maintenance budget allocation is some £3.5m of Revenue, and £1.8m of Capital funding, for maintenance. The Property Division manages the facilities maintenance budgets for some 200 operational properties [plus extra properties as in 2.5 above] extremely efficiently, and despite ever increasing demands, represents excellent value for money. "Good maintenance delivers sustained savings." [Carbon Trust 2009].
- 2.7 Planned, cyclical and property compliance maintenance works and projects, properly and effectively carried out, have the effect of maintaining the fitness for purpose and asset value of the property. This prevents failures such as school closures, with detrimental effects on pupils, staff and parents. It also reduces expensive reactive repairs (which are up to 40% more expensive than planned repairs) or breakdowns by ensuring that elements do not become worn-out and unreliable. Planned works also add value to, and link with energy, carbon and water saving initiatives.
- 2.8 Properly planned and managed works ensure the safety and comfort of occupants and can present a cared-for and focused image of the Council to the users and the community. The recommended percentage of expenditure for this type of planned works, is a minimum of 70%. The Council is currently

achieving approximately a 55–45 split with planned/reactive maintenance ratio.

- 2.9 The requirements for asset management planning as a statutory function, strategic tool and as a method of ensuring that funding is both justified and then accurately targeted, have been reported previously (including a Report to Corporate Asset Management Board on 14 June 2004 “Asset Management – Proposals Action Plan and Resource Implications” refer). The outcome of this maintenance process must be to achieve a property condition standard which is sustainable and capable of supporting vital Service provision.
- 2.10 This report satisfies the Corporate Asset Management Development Plan for Maintenance Strategy Policy & Plan documentation (CAMD Plan 2010, Item 19).

3. PROPOSALS

- 3.1 In order to meet these challenges of improving efficiency, making better use of various and disparate budgets, saving energy, shifting from a reactive to a more planned maintenance regime, and generally improving the maintenance of the non-domestic building stock, the Council should have a policy of criteria for maintenance of that stock. The Policy Statement is set out in Appendix 1, with objectives set out in Appendix 2. A strategy plan encompassing the criteria of the Policy Statement in Appendix 1 will be produced thereafter.
- 3.2 In order to mitigate these future maintenance liabilities, the Council requires to address issues such as using low-maintenance materials and finishes, and to ally maintenance standards to the general Building Design Standards document that will also be presented to Committee, as set out in the Corporate Energy Management and Conservation Policy Report (11/465), approved on 14 September 2011.
- 3.3 A document expounding the strategy plan; encompassing the criteria of the Policy Statement, the objectives noted in Appendix 2, and marrying with the Energy Building Design Standards document, will be produced and introduced as general and specific guidance on how maintenance will be planned and executed in the Council’s non-domestic property portfolio, to improve value for money.
- 3.4 In order to reach a sustainable standard for all building stock, all available Property funding must be utilised. Both capital and revenue expenditure must be used as effectively as possible to achieve this, along with other budget sources such as Property ‘Energy’ budgets, to reduce dependence on unplanned emergency repairs.
- 3.5 Innovative funding opportunities, such as grant-funding where available, joint and sharing funding contributions with user Services budgets, along with other Property sources as in 3.4 above, require to be considered to achieve the aim of improvement. The maintenance costs will be controlled by accuracy of

prioritisation. However, it should be recognised that current resources are inadequate to achieve a sustainable planned maintenance programme, that the backlog of maintenance continues to grow, and buildings continue to deteriorate.

- 3.6 Accurate planning and costing, including using, among other methods, the asset management planning process for example, will allow reporting and determination of priorities as we progress towards this more efficient use of maintenance funding.
- 3.7 The achievement of a building stock which is in a sustainably maintained condition standard, not dependent on expensive reactive repairs, will and does inevitably have cost implications. It is expected that over the future years, the revised maintenance planning processes will more accurately identify the funding requirements which will be reported to Council and will be submitted at each budget review.
- 3.8 To begin to reverse, and eventually gain control of a maintenance backlog currently increasing at some £1.5m per annum, would have significant cost implications for a number of years. The Council may not be in a position to produce such funds immediately, but funds for maintenance projects and personnel will be required in the future. However, a strategy including the use of joint funding where appropriate, improved planning and prioritising of maintenance projects, requires approval while continuing to be taken forward in the interim. This would maximise what Property has, obtain better value and would result in an improvement of processes. Serious consideration is also required for a programme of accelerated property rationalisation, as should result from a robust Property Asset Management challenge system with regard to all Services.
- 3.9 Once a more sustainable building condition standard is established, utilising improved maintenance requirements, embodied for example in life-cycle-costing and a Planned Preventative Maintenance Programme [PPMP] for each property, will be much more of a known quantity and there can be more effective planned expenditure in the future to maintain the buildings.

4. CONSULTATION

- 4.1 Property personnel and the Executive Director (Education and Children's Services), the Executive Director (Housing & Community Care) and Executive Director (Environment) have been consulted in the preparation of this report.

5. RESOURCE IMPLICATIONS

- 5.1. While there are no resource implications arising directly from this report, the Sub-Committee is asked to recognise that there are likely to be both financial and personnel implications in the future [see 3.7-3.9] as the policy is consistently implemented in an attempt to reduce the maintenance backlog.

6. COUNCIL CORPORATE PLAN OBJECTIVES 2009-2012

- 6.1 The Council's Corporate Plan 2009-2012 lays out five Objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation.

This report links to:

- (i) A Safe, Secure and Welcoming Environment.

7. EQUALITIES IMPACT ASSESSMENT (EqIA)

- 7.1 An equality impact assessment needs to be carried out for functions, policies, procedures or strategies in relation to race, gender and disability and other relevant protected characteristics. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new and existing policies.
- 7.2 The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

Assessed as **relevant** for the purposes of EqIA and the following positive outcomes expected following implementations, are that:

- (i) the policy function will have a positive impact on varying sections of the built environment, by employing a strategic plan and improving maintenance regimes, and
- (ii) the policy function will have a positive impact on varying sections of the protected characteristics of disability, and of age, and by improving accessibility across the property portfolio.

8. STRATEGIC ENVIRONMENTAL ASSESSMENT

- 8.1 Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS).
- 8.2 The matters presented in this report were considered under the Environmental Assessment (Scotland) Act 2005 and pre-screening has identified that the PPS will have no or minimal environmental effects, it is therefore exempt and the SEA Gateway has been notified. The reasons for concluding that the PPS will have no or minimal environmental effects are that::
- the policy is limited in direction, applying only to the Council's own property portfolio,

- the policy is designed to improve the Council's built environment generally, as well as lifelong learning, equalities and health and well-being issues,
- the policy is designed to also reduce energy, water consumption and the resultant carbon emissions.

9. CONCLUSION

- 9.1 Property is not only a valuable asset but is also an essential means of delivering quality services. Only when properly maintained can the properties fulfil this role into the future. The Property Maintenance Policy Statement (at Appendix 1) and Property Maintenance Objectives (at Appendix 2) are the means of ensuring properties are fit for purpose and delivering the Council's quality services.

**BARBARA RENTON
DEPUTE DIRECTOR (ENVIRONMENT)**

Note:

- 1] Property and Information Sub Committee (report No 96/388 refers).
- 2] Report to Corporate Asset Management Board on 14th June 2004 "Asset Management – Proposals Action Plan and Response Implications".
- 3] Corporate Asset Management Development Plan for Maintenance Strategy Policy & Plan documentation (CAMD Plan 2010).
- 4] Energy Policy Report (11/465).

No other background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

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Date: 31 August 2012

Property Maintenance Policy Statement

“Essential and well-managed maintenance delivers sustained savings by preventing Service disruption”.

Perth and Kinross Council aims to maintain the reliability, usefulness, safety and value of its buildings and property assets, for the benefit of the community and in support of service delivery, and will ;

- Ensure that a strategy plan for maintenance is produced and introduced.
- Ensure that all the types of maintenance are delivered, on the basis of identified and essential built-environment **need**.
- Ensure the strategic management of maintenance of all Council buildings, through the strategy plan, using regular inspections and detailed condition surveys, informs planned maintenance programmes into the future.
- Implement annual programmes of planned and cyclical refurbishments, improvements and preventative and compliance maintenance works, to meet the increasing service delivery demands placed upon P&KC buildings, and to ensure they have a long, useful and cost-effective life.
- Ensure that all programmes of preventative maintenance works and projects, comply with of all relevant Property-related and other legislation ; take cognisance of present & future building use, energy efficiency and carbon reduction, utilising low-maintenance standard designs ; and that these issues are built into the prioritising decision-making maintenance process.
- Use the strategy plan, by co-ordinating Property planned maintenance requirements and funds with other funded improvements and alterations from a variety of sources, to provide best value and sustainability in the provision of buildings which support essential Services and service delivery.
- Make adequate provision within the Council's capital and revenue budgets for an appropriate level of investment in planned preventative maintenance based upon assessments of the condition of the building stock to ensure sustainability of the built estate.
- Make provision within the Council's revenue budgets for an adequate level of reactive repairs to ensure the avoidance of further deterioration or risk to health and safety of occupants or service users, but develop over time the transfer of Property budget-spend from reactive to planned maintenance.
- Ensure each and every P&KC property has a Planned Preventative Maintenance Programme [PPMP] for the buildings, guided by robust planning processes such as whole life cycle costing that facilitate the prioritisation of maintenance programmes and enable the Council to anticipate the future cost of maintenance expenditure.
- Establish through sound property asset management procedures, a comprehensive record of the condition and cost of the buildings, and report as required.

Property Maintenance Objectives are to:

- Ensure that P&KC has a sound property asset management system and that all properties are fully identified, and the responsibilities for each property are clearly known, and
- Ensure all property assets, including all plant & equipment, are clearly identified and 'tagged' by marking or labelling as necessary.
- Provide a fit for purpose built environment, which effectively supports P&KC's Corporate and Service Level Objectives, the Asset Management Plan, and the requirement of Services and service delivery.
- Ensure that P&KC's built estate complies with all relevant Property – related and other legislation, and all maintenance work is undertaken in a safe manner.
- Ensure that Property move towards planned rather than reactive maintenance as a strategy to overall maintenance, with a minimum objective of a 70% planned to 30% reactive ratio.
- Ensure the reasoning and prioritisation for maintenance is clear, recorded and adhered to, including the elemental planned maintenance being prioritised using criteria and risk categories as agreed, and based on **need**.
- Procure contracts and contractors to suit maintenance requirements, to ensure that disruption to service delivery is prevented or minimised.
- Ensure that maintenance is carried out as far is reasonably possible within the budgets allocated, and that maintenance systems are managed efficiently, economically and effectively.
- Establish robust planning processes by means of whole life cycle costing for all P&KC properties that facilitate the prioritisation of maintenance programmes and enable P&KC to anticipate the future cost of maintenance expenditure, with a Planned Preventative Maintenance Programme [PPMP] for each and every property.
- Assist in the promotion of energy efficient materials and processes and the reduction of the carbon footprint wherever possible, and
- Ensure buildings present & future use, energy efficiency and carbon reduction are built into any decision-making process.

