

PROPERTY MAINTENANCE STRATEGY

Report of the Director of Corporate Services

SUMMARY OF REPORT

1. This report requests that the Cabinet authorises the Property Maintenance Strategy. The strategy aims to limit the amount spent on reactive repairs and increase the amount spent on planned maintenance to begin to address the backlog of maintenance, ensure that the limited funding available is spent on the highest priority needs, considering not only maintenance needs but also service needs through full option appraisals and to set a clear means of determining priorities.

RECOMMENDATION

2. That the Cabinet approve the Maintenance Strategy is implemented with a review in January 2003.

REASONS FOR RECOMMENDATION

- 3.1 To increase the planned maintenance proportion of the total maintenance budget to begin to address the maintenance backlog. This is in line with the July 2001 Corporate Asset Management Plan.
- 3.2 To ensure that the available budget is spent on the highest priority corporate need.

MATTER FOR CONSIDERATION

- 4.1 The Corporate Asset Management Plan, July 2001, identified a buildings maintenance backlog estimated at £72m. One of the key investment issues in the plan relating to the maintenance backlog was 'to consider increasing the level spent on maintenance generally, and planned maintenance in particular, to a level of 2.5% of the capital value by 2004'. (2.5% of the capital value would equate to £5m per annum).

The amount spend on reactive repairs has been increasing since 1997, limiting the amount available for planned repairs. Despite this, 'emergency repairs only' was introduced in October last financial year and January the previous year. This position is not sustainable.

The proposed Maintenance Strategy beings to address these issues.

4.2 The basic aims of the strategy, attached at Appendix 1, are to keep buildings operational and to begin to address the estimated £72 maintenance backlog. To achieve this, it is proposed to:

- limit the amount spent on relatively costly reactive repairs in order to release more funding for planned maintenance
- ensure that the limited funding available for planned maintenance is spent on the highest priority. This will involve considering not only maintenance needs but also service needs through full option appraisals
- ensure that departments 'own the process' by completing maintenance scheme proposal forms, in consultation with the Maintenance Team, similar to those for the capital proposals
- have a clear means of determining priorities and for Asset Management Group to assess the hierarchy of priorities so that a corporate approach is taken.

Adoption of this strategy will mean that reactive repairs are limited to those of an emergency nature. This will allow a modest increase in the planned maintenance programme to a possible £1.286 million for 2002/03.

The Asset Management Group and Chief Officers Group, 15 May 2002, have approved the strategy.

4.3 It is proposed to implement the Property Maintenance Strategy with the Cabinet's approval and undertake a review in January 2003.

FINANCIAL IMPLICATIONS

5.1 A shift in emphasis of finance towards more planned work is counterbalanced with an equal reduction in the reactive maintenance spend.

5.2 The move towards more effective service provider and building maintenance combined option appraisals of schemes will incur all directorates in additional staff time commensurate with their aspirations and the overall level of maintenance funding, requiring ever greater detail and robust business cases to secure scarce financial resource.

LEGAL IMPLICATIONS

6. None.

PERSONNEL IMPLICATIONS

7. The growth in number and content of option appraisals may create demand for additional service directorate staff or additional training for existing staff.

ENVIRONMENTAL IMPLICATIONS

8. Planned maintenance work by its very nature allows for a more planned, constructive approach to the use and recycling of building materials. Where

possible, improvements to insulation standards will be incorporated into repairs. This is a long term, continual improvement to the environment.

EQUALITIES IMPLICATIONS

9. None.

1.0 AIM

- 1.1 To uphold the operational fitness of property by timely and adequate maintenance. To provide staff and users with accommodation that is safe, accessible and environmentally acceptable.

2.0 OBJECTIVES

- 2.1 To accurately identify the extent of the backlog maintenance needs.
- 2.2 To ensure that available budget is spent on the highest priority needs, across all services.
- 2.3 To seek to increase the proportion of the budget spent on planned maintenance rather than reactive maintenance.
- 2.4 As part of the asset management process, seek progressive resolution of the maintenance backlog through all available sources of funding.

3.0 BACKGROUND

- 3.1 The corporate building stock has received minimal maintenance during recent years due to the limited budget available. The poor condition of the property inherited at Unitary Status meant that resources had to be diverted to address the most urgent needs of those buildings. As a result, no cyclical maintenance has been carried out and, in general, the condition of buildings continues to deteriorate. The demand for reactive repairs is increasing at the expense of a planned programme. In 2000/01, because of demand for reactive maintenance, we had to adopt an 'emergencies only' policy in January to limit budget over- spend. This position was reached in October for the year 2001/02 as the decline in condition continues. We are a considerable way off the Audit Commission recommended 65/35 planned/reactive expenditure ratio. This position is not sustainable and action needs to be taken to address the spiral of decline.
- 3.2 The present status is a stock of value of £200m with a £72m estimated backlog of maintenance (excluding asbestos removal).
- 3.3 The present building maintenance strategy can best be summarised as 'building nursing' with a growing number of 'patient losses'.

4.0 MAINTENANCE STRATEGY**General**

- 4.1 Any strategy is developed to achieve a particular aim. The aim is stated at 2.1 above. It is appreciated that financial allocation for corporate building maintenance is required to be in balance with many other financial demands

within the Council. In general, this strategy is to limit the amount spent on reactive (day-to-day) repairs, which can be inefficient and expensive, and to increase the amount spent on planned maintenance so that:

- a start can be made on reducing the maintenance backlog
- the budget will be directed towards significant maintenance issues that may lead to buildings being closed if not addressed.

Strategy

4.2 *Reactive Maintenance:* Reactive maintenance will be limited to emergencies only'. Such work will address:

- health and safety issues
- urgent work that would cause the building, or part of it, to become inoperable.

4.3 *Servicing:* Servicing of plant and equipment will be carried out on a regular basis, in accordance with manufacturers' instructions. Essential servicing of equipment such as fire detection necessary to protect the safety of occupants of buildings, will also be carried out.

4.4 *Planned Maintenance:* Money released by the 'emergencies only' policy will be spent on planned maintenance to address priority, major replacement/repair of building elements.

Prioritisation

4.5 Capping the day-to-day reactive maintenance spend will create pressure on the Planned Maintenance Proposals. This, in turn, will create pressure on the Capital Proposals and the raising of awareness of the importance of Corporate Asset Management.

4.6 To retain credibility, the system of prioritisation requires to be stated, applied consistently across all services, transparent and available in the event of a challenge.

4.7 Many methods of asset maintenance prioritisation exist. This report recommends the reinforcement of historic prioritisation trends by setting them down and operating and measuring them on an annual basis. This basis can then be reviewed for future amendment.

4.8 The condition surveys identify the physical condition and prioritise maintenance requirements. The actual physical condition of the feature is given a grading of A to D:

- A Good. Performing as intended and operating efficiently
- B Satisfactory. Performing as intended but exhibiting minor deterioration
- C Poor. Exhibiting major defects and/or not operating as intended
- D Bad. Life expired and/or serious risk of imminent failure

Any work necessary is given a priority of 1-4:

1. Urgent work that will prevent immediate closure of the premises and/or address an immediate high risk to the health and safety of occupants and/or remedy a serious breach of legislation.
2. Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of occupants and/or remedy a serious breach of legislation.
3. Desirable work required within three to five years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of occupants and/or remedy a serious breach or legislation.
4. Long-term work required outside the five year planning period that will prevent deterioration of the fabric or services.

4.9 Awareness and recognition of the full extent of the corporate wide maintenance hierarchy is a necessary first step, but is not a 'one-off' list set in time. It is a developing/evolving hierarchy based on business/service need, government initiative, legislative need, etc. In addition, the backlog of maintenance is such that further prioritisation within Priority 1 will be required.

4.10 Over the past four years the maintenance prioritisation trend has been: **health and safety, weather tight, consequential effect, user comfort**. These terms of reference are recommended to continue with the integration of a number of service/political criteria being incorporated...

- a. Is there a statutory duty /legal responsibility to keep the building/asset open?
- b. Does the payback period warrant the investment?
- c. What is the grade of occupation, ie schools 8 hours, residential 24 hours, and therefore the degree of effect.
- d. What is the effect of closing the asset?

4.11 A simple matrix, scored from 0-5, will grade the majority of schemes into the prioritised hierarchy previously described.

	STATUTORY DUTY	PAYBACK PERIOD	UTILISATION/ OCCUPATION	CLOSURE
Watertight				
Elect/Mech – integrity				
Health and Safety				

5 = Important/likely

3 = Possible

0 = Not important/unlikely

The total score is then used to prioritise the issue.

- 4.12 If the system is found on first application to be too coarse, a weighting system can be used, again from 0-5, where 0 = low weight and 5 = highest weight. This can have the effect of broadening the spectrum of asset/issue grading.
- 4.13 Each application of a score and/or weighting can be justified separately and recorded for later audit purposes.
- 4.14 Planned maintenance schemes will be identified jointly by the service representative and the maintenance team. In this way service needs will form part of the option appraisal process to justify the priority of a project.
- 4.15 At present, annual 'Capital Proposal Forms' (Appendix A) are used by client departments to state their case for capital developments, which often include major maintenance schemes. The 'Capital Bids Round' is an annual event to determine allocation of scarce resources for the forthcoming financial year. When agreed, it is then relatively fixed for the year.
- 4.16 A similar form - 'Planned Maintenance Proposal Form' (Appendix B) will be prepared by the service representative with the support of the maintenance team. The form will include information which is not in the maintenance team's domain, and consists of business/service need, financial losses if the building is recommended for closure, legal implications, safety case development, hours of occupation, emotional load and political impact. This will provide a consistent approach between the capital strategy and asset management processes.
- 4.17 With the achievement of this evolving list of maintenance priorities recommended by officers for presentation to the client department representatives within the Asset Management Group, the Council will be in a strong position to apply the most effective balance of scheme allocation within budgetary constraints. The list, together with the condition survey information, will inform departmental asset management plans.
- 4.18 Schemes will be assessed and prioritised by the Asset Management Group for recommendation to the Cabinet Member for Property. In this way, a balance of planned maintenance schemes can be identified and targeted at client/service needs from a corporate wide perspective.

Allocation of budget/schemes

- 4.19 The aim of the strategy is to limit the amount spent on reactive repairs and increase planned expenditure. Initially this limit is to be set at £100 000 per month. The amount required for servicing is relatively fixed. The remainder of the budget is to be allocated to planned maintenance. Of this, it is proposed to allocate 50% to schemes at the beginning of year. Proposed schemes will then be considered on a monthly basis and fed into the programme to achieve full expenditure of the budget by year end.

- 4.20 Budgets will be managed through the financial year for reactive/planned maintenance peak workloads but, at each month end, decisions on the maintenance hierarchy will be taken to maintain a prediction of achieving accurate budgetary spend at year end.
- 4.21 Securing of additional funds will allow more planned maintenance schemes to be undertaken. Loss of funds would require a tighter 'emergencies only' regime.

5.0 FINANCIAL IMPLICATIONS

- 5.1 During the first six months of the 2001/02 financial years when a 'normal' reactive repairs and maintenance service was undertaken, £952k was committed, an average of £158k per month on reactive repairs.
- 5.2 The implementation of 'emergencies only' in October 2001 brought the last six months commitment down to £541k, an average of £90k per month.
- 5.3 The aim of the Maintenance Strategy is to effectively cap the reactive repairs and maintenance spend at an average of £100k per month, making a total of £1.2m at year-end.
- 5.4 The maintenance budget profile would then be as follows. Projected out-turn figures for 2001/02 are also shown.

Budget head	£000s	
	Proposed 02/03	Projected 01/02
Reactive repairs	1200	1843
Servicing	520	410
Planned Schemes (provisional)	1286	775
Asbestos Monitoring	30	0
Energy Conservation Works	50	0
<i>Sub-total</i>	3086	3028
Delegated to Schools	954	954
Total	4040	3982

- 5.5 The planned programme will include Buildings at Risk, asbestos removal (over and above the capital programme) and health and safety work as well as building projects but all will be subject to the same prioritisation criteria.

- 5.6 The planned schemes budget is shown as provisional as it will need to remain flexible depending upon the out turn costs of the other elements of the budget and provides the only capacity to cater for changes in the planned maintenance scheme hierarchy, which is likely to evolve on a monthly basis.
- 5.7 It is recommended that 50% (£650k) is committed at the start of the financial year and as monthly monitoring of both reactive and planned spend accumulates trends, then more refined decisions can be taken. Towards year-end the decisions will be highly refined to achieve targeted spend.

6.0 PERFORMANCE MANAGEMENT

- 6.1 One possible measure of the level of achievement of upholding the use of the present building stock in a safe, well balanced environment is the increasing or decreasing number of major maintenance crises 'that have not been previously recognised by the maintenance team'.* The continuous monthly reprioritisation of maintenance issues is planned to identify, and place in a hierarchy, all maintenance needs. The occurrence of unrecognised 'major planned maintenance' needs will diminish as the awareness of the full extent of the corporate wide maintenance hierarchy increases.

**Explanation:* The condition survey information identifies all high priority work. There becomes a point where, if not addressed, systems break down and become a 'crisis' in that they need repair/replacement immediately if the building is to remain operational, for example boilers and lifts.

- 6.2 Other performance measures are included in the Corporate Asset Management Plan.

7.0 CONCLUSION

- 7.1 The Maintenance Strategy is aimed at upholding the utilisation of the present building stock within the annual budget provision. The strategy is further aimed at accurately identifying the extent of the backlog maintenance and beginning to reduce it.
- 7.2 The strategy seeks to end the historic escalation of spend on reactive repairs and for maintenance to be brought under control and managed with integrity so that customers of the service are more aware of the 'terms of reference' of the emergencies only maintenance regime. The planned reduction of reactive spend, together with sought after increases in budgetary provision, will seek to reinforce the funds available for planned maintenance on the evolving hierarchy throughout the financial year.
- 7.3 This does not mean that 'maintenance problems' will 'go away', but that they will be seen to be in a clear hierarchy of needs, which may be revisited by both officers and the Cabinet Member.

- 7.4 The presented maintenance strategy identifies a flexible system of approach that will ensure that the test of professional 'reasonableness' has been applied and justified.
- 7.5 The presented system is a short-term method applicable to the point where the estate is both well utilised and well maintained.

Footnote:

1. Schools: Emergency reactive repairs policy will not apply as budgets for reactive repairs have been delegated.
2. Issues of suitability are considered a 'development' and will not generally be funded from the Repair and Maintenance Budget.

