

Property Management in the Public Estate



*An FPS Report in
Association with CBSS
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Foreword

Local government has been subjected to major change as a consequence of central government's cost saving initiatives.

Among the major challenges facing local authorities today are those currently being addressed by property professionals. In the main, evidence suggests that strategic decisions, regarding maintenance matters, are often being taken by Chief Officers driven by financial need and political imperatives.

The challenge for property professionals is to ensure that the property estate can be sustained, while at the same time accepting the impact of central government initiatives.

Meeting these challenges will require a flexible approach that is at the same time robust enough to attend to the basic needs and essential upkeep of the property estate. Maintaining property that is compliant and fit for purpose is a prerequisite, as well as providing sufficient attention to managing individual programmes of work that are integral to the overall programme for the organisation.

Communication and process delivery are key to the success of this initiative. If the programme is to work, it will be necessary for property professionals to enter into closer internal and external collaboration with other disciplines and sectors. The fact remains that buildings deteriorate and as long as people occupy them, they will need to be maintained and kept fit for purpose. By sharing a single goal it should be possible to identify common interests and work closely to provide the right solution to a long term future.

This document provides an insight into the complexities that must be addressed in order for the essential procedures to work.

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Table of Contents

Table of Contents

Executive Summary

| | |
|--|----------|
| 1. Introduction | 1 |
| 2. Planning a Strategy..... | 1 |
| 2.1. Measuring Condition..... | 2 |
| 2.2. Fit for Purpose..... | 3 |
| 2.3. Types of Maintenance..... | 3 |
| 3. Implementing the Strategy | 4 |
| 3.1. Prioritisation of Maintenance Work | 4 |
| 3.2. Ensuring Compliance | 7 |
| 3.3. Assessing Competence of Property Professionals | 7 |
| 3.4. Managing Contractors and Visiting Workers on Site | 8 |

APPENDICES

| | |
|---|-----------|
| 1 - Cost Projections – Future Maintenance..... | 10 |
| 2 - Consequences of reducing total R&M funding | 12 |
| 3 - Ten Top Tips (CBSS design recommendations)..... | 19 |
| 4 - Leased buildings..... | 22 |

EXECUTIVE SUMMARY

Purpose of the report

To investigate the minimum standards necessary for the effective management of the property estate and in doing so, remove any ambiguity, inconsistency and confusion with regard to the interpretation of what constitutes 'Good Maintenance'

To achieve Value for Money (VFM) it is first necessary to understand the complexities of managing the property estate, and to appreciate that certain building elements require a higher priority than others. To do this effectively it is necessary to measure and compare performance against nationally set standards.

Condition and maintenance indicators vary across the country, in England many authorities use NaPPMI (National Property Performance Management Initiative), in Scotland many authorities use the FPS Scotland indicators and in Wales authorities use indicators produced by Audit Wales. Whatever indicators are used the messages are similar and for the purposes of this report we will refer to the NaPPMI indicators. (These indicators are now the Property Performance Indicators, operated by CIPFA Property)

To effectively manage the Repairs and Maintenance (R&M) of a property estate, it is necessary to consider the various types of maintenance requirement, the priorities for implementing the work and most importantly, the consequences of getting it wrong.

An R&M strategy must take into consideration the following three categories of maintenance liability:

(a) Statutory maintenance

The essential maintenance that if not carried out correctly could ultimately lead to a Local Authority (LA) being prosecuted by the HSE.

This element of maintenance requirement covers the servicing, testing and inspection of plant and equipment e.g. servicing boilers, electrical installations, fire alarms etc. *See 'Compliance monitoring in local authority premises' a FPS commissioned document found on the FPS web site.*

(b) Tactical maintenance (Sometimes referred to as reactive maintenance)

Tactical maintenance covers 'day to day' repairs. This type of maintenance can be classified as works that occurs due to normal wear and tear and which is necessary in order to maintain a building fit for purpose. This category covers essential repairs needed for health and safety reasons, (e.g. broken window, blocked drain etc) or repairs necessary to maintain the premises open for business. e.g. a roof leak, a burst water pipe, repairs to a heating system etc.

(c) Planned maintenance.

This covers major structural components or items of plant that require replacement on a phased basis. Items identified as being in need of replacement are entered onto a plan so that the expenditure can be prioritized and implemented over a set period of time (normally five years).

Planned maintenance covers the refurbishment or replacement of major structural elements such as roofing, replacement of boilers, rewiring etc.

It is important that council officers, in planning an R&M Strategy, appreciate the complexities of the problem, the urgency with which the works need to be undertaken and the consequences of getting it wrong. It is essential that they obtain professional advice on the legal implications associated with the nature of the proposed works and the priority for undertaking them. It is necessary to assess correctly the need for immediate action or alternatively what work can be deferred for implementation via an agreed programme.

The issue with property that is leased to or from the Local Authority, lies mainly in the definition commonly referred to as the 'full repairing lease'. The suggestion, contained in the meaning of this term, is that all repairs and maintenance is the responsibility of the lease holder. In fact, too many leases are ambiguously written. Consequently, it is often the case that duties placed on the leaseholder and landlord remain uncoordinated and, in more serious cases, statutory responsibilities, including inspections and works to critical mechanical and electrical services, are never addressed until a serious incident raises the issue.

More seriously perhaps, are the leases that are granted to charitable organizations on a 'peppercorn rent' and where the maintenance is never addressed due to financial constraints on the part of the charity. It would appear to be an unlikely scenario, where the Local Authority grants a tenancy, knowing the probability of lease compliance is also unlikely. However, the political agenda can force the issue, as can security of the building; an occupied building reduces the security cost and the risk.

The NaPPMI National Indicator PMI.1, covers the Condition & Required Maintenance of buildings. The indicator enables buildings to be placed into one of four categories, 'A' being the best and 'D' the worst. Due to practical considerations, it is inconceivable that all outstanding R&M work could be undertaken immediately and therefore Local Authorities should focus on repairs to property that fall within the C/D condition categories. In addition, it is important to factor in the effect of other relevant initiatives, as such directives will have a major influence on the overall programme of outstanding R&M items.

This report builds on the work that has previously been undertaken with a view to explaining why a strategy is necessary, assessing the risks, suggesting a solution, identifying the deliverables and understanding the benefits.

1. Introduction

Authorities within the Public Sector have an obligation to maintain property to a standard that complies with, or exceeds, the minimum laid down in regulations.

In Summary a property can be defined as being

1. Fit for purpose and maintained in accordance with users expectations.
2. Structurally sound, wind and water tight
3. Legally compliant,
4. Meeting all Health and Safety requirements
5. Sustainable and energy efficient
6. Accessible to all

In setting standards to meet minimum requirements, careful consideration should be given to the cost of meeting the standards of repair and maintenance (R&M), including strategies for managing the property estate when funding for R&M is reduced.

To achieve Value for Money (VFM) it is first necessary to understand the complexities of managing the property estate, and to appreciate that certain building elements require a higher priority than others. To do this effectively it is necessary to measure and compare performance against nationally set standards. (NaPPMI, FPS Scotland or Audit Wales)

2. Planning a Strategy

The aim of a maintenance strategy is to ensure that buildings remain compliant and fit for purpose.

The strategy should include:

- Measuring the condition of buildings
- Agreeing what “fit for purpose” means with the building occupiers
- An understanding of the types of maintenance required
- Knowledge of the changes that are likely to happen to the portfolio as a result of an Asset Management Plan
- Calculation of an appropriate maintenance budget and evaluating the risks associated with managing a smaller budget than calculated. (see Appendix 1)
- Feeding back maintenance experience into new building design. (See Appendix 5)

2.1. Measuring Condition

Surveys of building condition should be undertaken by Property Professionals and it is useful to measure the condition using The NaPPMI National Indicator PMI.1, which covers the Condition & Required Maintenance of buildings. The indicator enables buildings to be placed into one of four categories, 'A' being the best and 'D' the worst. Due to practical considerations, it is inconceivable that all outstanding R&M work could be undertaken immediately and therefore priority should be given to repairs to properties that fall within the C/D condition categories. In addition, it is important to factor in the effect of other relevant initiatives imposed by Central Government on schools, as such directives will have a major influence on the overall programme of outstanding R&M items.

From the surveys, the following strategic decisions can be taken:

- What is the minimum maintenance requirement for the property estate?
- Which properties are currently fit for purpose with no major financial implications planned during the next 5 years? (Green condition)
- Which properties are going to require substantial financial investment within the next five years? (Amber condition)
- Which properties require major investment and should be considered for disposal. (Red critical condition)

When considering how to plan work based on the surveys:

- High priority items are those which require an emergency response and therefore should not appear on a programme of planned maintenance.
- Programmed replacement of building components should not be carried out automatically. Any replacement should be based on surveyor/engineer assessment relating to the risk from failure which might impact on service delivery and include considerations to the health and safety of occupants, visitors and all other third parties.
- Assessments should be based on a personal knowledge of property, gathered over a suitable period of time and based on the size of the estate.

Condition assessments should be used in conjunction with predicted life expectancy or Whole Life Analysis (WLA) and financial information, Whole of Life Costing (WLC). Further information on the principles of Whole Life Analysis is available on the FPS web site

2.2. Fit for Purpose

In order to agree fitness for purpose with building occupiers, a detailed knowledge of the usage of the property estate is required.

A typical public sector portfolio could include:

- Offices
- Libraries
- Leisure Centres
- Residential Social Care Buildings
- Houses
- Youth Clubs
- Schools
- Museums
- Crematoria

Occupiers of each type of property will have differing views of fitness for purpose which are affected by:

- Public Access
- Safeguarding
- Working environment
- Service Regulations
- Reputation and Image

These issues will affect the prioritisation, quality and cost of work, speed of response and management of risk.

2.3. Types of Maintenance

To effectively manage the Repairs and Maintenance (R&M) of a property estate, it is necessary to consider the various types of maintenance requirement, the priorities for implementing the work and most importantly, the consequences of getting it wrong. An R&M strategy must take into consideration the following three categories of maintenance liability:

Statutory maintenance

The essential maintenance that if not carried out correctly could result in the failure of building services, the closure of buildings and ultimately could lead to a Local Authority (LA) being prosecuted by the Health and Safety Executive.

This element of maintenance requirement covers the servicing, testing and inspection of plant and equipment such as boilers, electrical installations, fire alarms etc.

Tactical maintenance (Sometimes referred to as reactive maintenance)

Tactical maintenance covers 'day to day' repairs. This type of maintenance can be classified as works that occur due to normal wear and tear and which are necessary in order to maintain a building fit for purpose. This category covers essential repairs needed for health and safety reasons, (e.g. broken window, blocked drain etc) or repairs necessary to maintain the premises open for business. e.g. a roof leak, a burst water pipe, repairs to a heating system etc.

Planned maintenance.

This covers major structural components or items of plant that require replacement on a phased basis. Items identified as being in need of replacement are entered onto a plan so that the expenditure can be prioritised and implemented over a set period of time (normally five years). Planned maintenance covers the refurbishment or replacement of major structural elements such as roofing, replacement of boilers, rewiring etc.

It is important that when planning a R&M Strategy, the complexities of building repairs, refurbishment and servicing, the urgency with which the works need to be undertaken and the consequences of getting it wrong are understood. It is essential that professional advice on the legal implications associated with the nature of the proposed works and the priority for undertaking them is obtained. It is necessary to assess correctly the need for immediate action or alternatively what work can be deferred for implementation via an agreed programme.

3. Implementing the Strategy

Implementation of the strategy includes:

- Prioritisation of maintenance work
- Identification of risk
- Ensuring compliance (FPS report "Compliance Monitoring in Council Buildings")
- Using competent property professionals and contractors

3.1. Prioritisation of Maintenance Work

The following matrix illustrates how maintenance and repair resources are distinct from capital investment and how capital funding can be beneficial to remedying R&M issues.

| Matrix of estate management essential features (1 to 6) set against typical property maintenance solution categories | R&M (Repair and Maintenance) works. e.g. compliant with (NaPPMI) definition PMI.1 ABC&D (Definitions) | Non capital works. e.g. cyclic planned maintenance required to ensure continued integrity of the facility (Examples) | Revenue works. e.g. reactive maintenance and repairs to ensure service continuity. (Examples) | Other works. e.g. Capital improvement, alteration and adaptation schemes, not covered under R&M (Examples) | Comments |
|--|--|---|--|---|---|
| 1. Wind & water tight | Structurally Functional. Roof, walls, windows drainage, building envelope generally. | Replacement roof or covering to provide a permanent solution to a substantive fault | Roof repair to maintain protection from the elements and continued structural integrity | Over roofing to improve, develop or adapt existing structure or for aesthetic purposes | Capital projects often provide the additional benefit of addressing outstanding R&M issues. |
| 2. Fit for purpose | Facility operates satisfactorily for the function required. | Long term programme of repairs to ensure satisfactory service delivery | Reactive 'day to day' repairs to ensure satisfactory service delivery | Capital works and improvements should be coordinated to ensure full utilisation | Capital projects often provide the added benefit of addressing outstanding R&M issues; |
| 3. Safe in use | All foreseeable risks are recorded and controlled to ensure the health and safety of occupants and visitors | Long term repairs to ensure the health and safety of staff using the facility including third parties and visitors | Reactive repairs to ensure the health and safety of staff using the facility including third parties and visitors | Capital works and service improvements should be coordinated to provide risk free environment in accordance with the users requirements | The CDM regulations are designed to ensure safety throughout the design, construction, use and disposal of a facility. The CDM regulations are part of the overall project cost |
| 4. Compliant | Legislative compliance in respect of water hygiene, asbestos | Replacement of obsolete pipework systems, heating and | Generally unplanned repairs to services, plant and | Alterations, involving essential plant and building services, | Compliance with current building regulations ensures all |

| | | | | | |
|-----------------------|--|---|--|---|---|
| | safety, gas, electrical and mechanical equipment | electrical equipment. Asbestos and other cyclic inspections, lifts, electrical systems, safety glass etc. | equipment, fire, gas, intruder and other alarm systems. | integral with H&S legislation and subject to statutory building and planning controls. | R&M condition issues are addressed when alterations and improvements are carried out. |
| 5. Accessible | Maintenance and repair of accessibility features in compliance with the Equalities Act and other subsequent statutory legislation | Maintenance and repair of accessibility features, including fixed equipment to ensure full and continued compliance with the regulations. | Reactive repairs to accessibility features including fixed equipment to ensure full and continued compliance with the regulations | Implementation of works as required under the Equalities Act. Works to include access facilities, changes to internal décor to enhance visibility, hearing etc. | Capital projects often provide the added benefit of addressing outstanding issues; All such projects should remain capital funded |
| 6. Sustainable | Installation of materials and equipment consistent with good environmental practice. Carbon and water management, including waste services, to be provided to a suitable and sufficient standard | Replacement building fabric including glazing, roofing, cladding, heating and electrical equipment, which from manufacture to disposal provides optimum sustainability and performance in use | Local procurement strategies supporting SME's requiring prompt efficient attention to reactive issues when plant, equipment and materials used represent best practice and least waste | Zero carbon construction: providing facilities with carefully planned and installed life cycle selected building and equipment elements | Capital projects often provide added benefits to R&M issues; they should remain capital funded and sustainable through the life cycle of the facility |

3.2. Ensuring Compliance

Councils have a duty to ensure that buildings under their control comply with appropriate statutory, regulatory and corporate standards. This task has become increasingly complex, onerous and difficult in the context of various potentially competing drivers including:-

- An increasing burden of legislative and regulatory duties falling on building occupiers.
- Delegation of relevant budgets and responsibilities to individual establishments, notably schools but with ultimate accountability still seen as resting with the corporate body of the Council.
- The consequences of increased delegation which has brought about a significant reduction in resources retained centrally to develop and monitor compliance with relevant standards.
- Loss of critical mass and control in delivery of property related services through outsourcing, budget reductions and fragmentation of resources.
- Governance arrangements in establishments are becoming increasingly more complex through the move to Shared Services and Partnering arrangements that do not fit easily with traditional landlord and tenant definitions.

A comprehensive guide to Compliance, entitled “Compliance Monitoring in Council Buildings” is available from the Federation of Property Societies website: www.fps.org.uk.

3.3. Assessing Competence of Property Professionals

Competent building professionals should:

- Have a recognized construction qualification or professional registration such as RICS, CIOB, RIBA, CEng or IEng.
- Have experience managing the construction process in a Local Authority or Education environment.
- Have experience in the design, management and administration of building services contracts.
- Demonstrate a full knowledge of construction methods and building services protocols.
- Demonstrate specialist expertise for Engineering Services and Structural Engineering within their organisation or provide the name of partnership arrangements with specialist consultants.
- Demonstrate ability to assess risks to health and safety

They should also be conversant with the legislation:

- Building Regulations
- Town & County Planning
- Construction (Design and Management) Regulations
- Electrical wiring regulations
- Gas installation requirements (Gas Safe Formerly CORGI)
- Water hygiene regulations (L8)
- Health and Safety at Work Act and associated Regulations including Approved Codes of Practice and Guidance
- Equalities Act
- Fire Safety

Competent building and services contractors should be vetted for:

- Health and Safety – contractors must have the necessary health and safety policies, arrangements, procedures and competence to carry out their works.
- Technical ability – contractors must be registered with appropriate bodies.
- Financial stability – for small works and projects the financial risk is low, as contractors would only be paid when the work is complete. However, problems increase if a contractor goes bankrupt during a project.
- Public Liability Insurance – contractors should have appropriate insurance. An original certificate of the cover should be seen.
- Registration with Criminal Records Bureau – the risk of not registering should be considered by the premises manager.

Vetting should be carried out by a competent person and managers should approach their competent professional Property Adviser for help.

3.4. Managing Contractors and Visiting Workers on Site

Premises managers have responsibilities for health and safety for their staff and public. Some of these responsibilities specifically relate to the good management of the buildings that they occupy. Examples of property management responsibilities include those relating to asbestos, fire, legionella, contractors protective systems, pressure systems, electrical systems etc.

The 5C's of good property management are:

1. Co-operation between the premises manager and the contractor and anyone else (including other contractors) working on site;

2. Co-ordination of the works to ensure that all activities at the school, including the construction works, can be carried out safely
3. Communication between all parties so that everyone is aware of what is going on in the organisation, where works will be carried out and what precautions need to be taken to ensure the health and safety of all people in the property.
4. Control – This means ensuring that all significant hazards have been identified and the risks are assessed so that suitable control measures can be put in place. A key aspect of control is that contractors are monitored by the Organisation (this could be undertaken by a suitably competent member of staff or by a third party, such as the Property Adviser) to ensure that they are working as agreed.
5. Competence – all contractors engaged to work on site are competent to carry out the works expected of them. The key element of the 5C System is based on the nomination of a member of staff to act as an 'Area Custodian' who acts as a focal point for maintenance, construction, and other such work in terms of local site hazards and risks. They will act as the 'owners' of the 5C system and will be responsible for ensuring that contractors:
 - Have been shown the Hazard Register;
 - Have received a site induction
 - Are working as agreed.

Appendix 1

Cost Projections – Future Maintenance.

One of the most common misconceptions, when it comes to predicting maintenance spend, is the assumption that the total value of the required maintenance consists of the cost of replacing the various building elements.

In reality there are numerous factors that need to be considered when compiling cost predictions, any of which could substantially influence the final assessed value of outstanding works.

Some of the factors that must be considered include:

1. Year-on-year changes in the amount of outstanding maintenance.

It is estimated by the Royal Institute of Chartered Surveyors (RICS) that the back-log maintenance of Property Estate increases annually at a rate of 1.75% of the Capital Value (CV).

2. Changes in the Capital value of the property estate.

The Construction Industry BCIS index (Q1 for 2010-2011) suggests an increase from 163 to 175 indicating an annual increase of 7.36%.

3. Annual allocation for ‘Tactical’ (Day to Day) Maintenance

It is a fact that the cost of maintaining the day-to-day operational efficiency of a Property Estate is increasing sharply due to reductions in PPM funding.

4. Statutory Requirements, HSE etc.

The cost associated with preserving the integrity of a previously well-maintained property estate; as new H&S legislation is introduced, there is a consequential requirement placed on LA's to address such issues as:

- (a) Asbestos management
- (b) Legionella management
- (c) Safety glazing
- (d) Access requirements
- (e) Electrical testing
- (f) Gas testing

- (g) Water management
- (h) Energy and sustainability requirements

5. Changes to the Property Portfolio.

Changes that occur due to the acquisition and disposal of property assets. Corporate policies such as NWOW (New Ways Of Working) are expected to make a substantial change to the future funding requirements for many LA's.

6. Changes to the Commercial Estate.

Changes to the property portfolio and/or leasing arrangements agreed with respect to properties administered as part of the commercial estate.

7. Reduction in required maintenance due to PPM

Reductions that will occur in the cost of day-to-day maintenance as a consequence of a well managed strategically Planned Preventative Maintenance (PPM) programme.

8. Reduction in the maintenance requirement due to Major Capital Schemes

Works of a strategic nature, that has a direct effect on the estimated amount of back-log maintenance. (e.g Central Government policies on the modernisation of Education Buildings, Better Homes policy, etc.)

Note:

The above list is presented purely as an indication of the many factors a Local Authority Property Manager must consider when estimating the overall cost of a Maintenance programme.

Appendix 2

Consequences of reducing total R&M funding

Some items of R&M are required by law. (e.g Legionella testing, Asbestos management etc.). Other items, if not addressed immediately, could result in consequential damage that would far outweigh the cost of carrying out the original repair. (e.g. a blocked gutter or a leaking pipe)

Other items of R&M may not have a dire effect on the functionality of the building but may have a long-term detrimental effect on the reputation of the council. (Boarded up windows, peeling paintwork etc)

Still others, if not attended to immediately, will attract a disproportionate amount of vandalism and wanton destruction to the property, leading to major cost implications (The theft of lead sheeting from a roof, or damaged security locks on remote buildings)

Generally, this scenario applies to all items of maintenance identified under the headings of either Statutory Requirements or Tactical (Day to Day) maintenance. It follows therefore that any global reduction in R&M funding will have a disproportional effect on the amount of money available for Planned Preventative Maintenance.

Example:

| | | |
|----------------------------------|------|-----|
| Total Funding | £100 | £90 |
| Statutory Maintenance | £10 | £10 |
| Tactical Maintenance | £50 | £50 |
| Planned Preventative Maintenance | £40 | £30 |

As can be seen from the above example, a 10% reduction in total funding would result in a 25% reduction in the funding available for undertaking preventative maintenance.

The chart below shows the risks of underfunding together with ways to mitigate that risk. This has been developed by CBSS members.

It should be noted that the chart is “generic” and used to explain the concept and application of a risk based approach to maintenance budgets. Authorities would need to build their own risk register on a building by building basis, or if this possible, by asset “Grouping” perhaps using condition or minimum maintenance standards as a framework to group assets

| No. | Risk Category | What is the RISK | IMPACT | LIKELIHOOD | RISK RATING (Impact x Likelihood) | What further actions can be taken to reduce the risk? |
|-----|---------------------------------|---|--------------|----------------|--------------------------------------|--|
| 1 | Strategic and Commercial | Interruption of Service Delivery | Major | Almost Certain | 20 | Prioritise remaining resources to vital service delivery. Stop non vital services |
| 2 | | Business Continuity | Major | Unlikely | 8 | Ensure BC Plan up to date including impact of budget reductions (strike) |
| 3 | | Insufficient Resources | Major | Almost Certain | 20 | Prioritise resources to address P1 repairs and seek further funding from other from other units/programmes if required |
| 4 | | External Forces (e.g Government Imposed Cuts in Funding, Legislative Change) | Moderate | Almost Certain | 15 | Keep informed, react quickly, lobby members and professional organisations |
| 5 | | Non Compliance | Catastrophic | Likely | 20 | |
| 6 | Legal and Regulatory | Asbestos Management Regulations Failure to inspect annually, to keep records and uncontrolled activities | Catastrophic | Almost Certain | 25 | Continue to manage allocating sufficient resources to mitigate risks - Potentially life critical |
| 7 | | Gas Regulations (Gas soundness/maintaining appliances etc) | Catastrophic | Almost Certain | 25 | Continue to manage allocating sufficient resources to mitigate risks - Potentially life critical |

| | | | | | | |
|----|--|---|--------------|----------------|----|--|
| 8 | | HASW (Employers role – Property Management) Failure to undertake risk assessments, poor contractor management, failings in prioritising maintenance works | Catastrophic | Almost Certain | 25 | Continue to manage |
| 9 | | Working Places (Fire) Regulatory Reform Order No FRA or Fire Safety Plan - Risk of prosecution/loss of facility/death | Catastrophic | Likely | 20 | Continue to manage allocating sufficient resources to mitigate risks - Potentially life critical |
| 10 | | Electrical Regulations (Test + inspections, PAT) | Major | Almost Certain | 20 | Continue to manage |
| 11 | | Unplanned Breakdowns - Contractor costs, loss of service delivery, earnings, income | Major | Almost Certain | 20 | Plan for financial loss – Establish Sinking Fund (temporary boiler plant) |
| 12 | | Leased buildings – Failure to Maintain - Dilapidation Costs | Moderate | Likely | 12 | Establish Sinking Fund |
| 13 | | Lift LOLER Regulations – no regular test and inspection (insurance inspection still done) | Minor | Almost Certain | 10 | Take lift out of use re-organise service? |
| 14 | | Reputation – Staff recruitment – Ability to win contracts – Increased monitoring (CAA etc) | Moderate | Possible | 9 | Manage Expectation of service(s) |
| 15 | | Oil Storage Regulations -Pressure testing upgrade pipes, band walls etc - Oil escape | Moderate | Unlikely | 6 | Replace with alternative fuel type/supply? |
| 16 | | Water Hygiene Management - Legionellosis Risk Minimisation | Catastrophic | Unlikely | 10 | Desk top assessment – high priority buildings managed only |
| 17 | | Decline in Value of Portfolio - Lack of Maintenance | Minor | Likely | 8 | Dispose of high maintenance buildings |
| 18 | | Work Place Regulations – Glazing safety etc | Minor | Possible | 6 | Advice and training – Reinforce and re-issue glazing policy |

| | | | | | | |
|----|--------------------|---|----------|----------------|----|--|
| 19 | | Pressure Vessels/LEV's | Major | Possible | 12 | Take out of use (on insurers recommendations) |
| 20 | | Compensation/Prosecutions - Fines and legal costs | Minor | Rare | 2 | Plan contingency for financial loss |
| 21 | Operational | No Control Over Budget Reductions | Major | Almost Certain | 20 | High level liaison on imposition of budget reductions (where) |
| 22 | | Reduced Budgets for R&M | Major | Almost Certain | 20 | High level liaison on imposition of budget reductions (when and how big) |
| 23 | | Low Morale - Affecting productivity | Major | Almost Certain | 20 | Improve communication with staff/Trade Unions |
| 24 | | Contractor Difficulties/Liquidation | Major | Likely | 16 | Improve selection procedure and on-going monitoring |
| 25 | | Deterioration in Quality of Contractor Services | Major | Likely | 16 | Set meaningful KPI's and monitor |
| 26 | | Short Termism - Planning for immediate needs only | Major | Likely | 16 | Prepare strategy and set regular review dates |
| 27 | | Loss of Strategic Overview | Major | Likely | 16 | Improve cross directorate/service liaison |
| 28 | | Staff Cuts - Loss of staff resource | Moderate | Likely | 12 | Early resource planning and impact assessment |
| 29 | | Consequential Re-Organisation/Re-Structuring | Moderate | Likely | 12 | Define and manage process |
| 30 | | Client Perception - That the service(s) is/are not providing value for money | Moderate | Likely | 12 | Improve communication with clients - benchmarking |
| 31 | | Increased Staff Sick Absence - Due to stress | Moderate | Likely | 12 | Increase 1:1 supervision, provide support and training in prioritisation of workload |
| 32 | | Reduction in Scope and Scale of Services Provided | Moderate | Possible | 9 | Communicate proposed changes to clients and stakeholders before they are implemented |

| | | | | | | |
|----|-------------------------------|---|----------|----------------|----|---|
| 33 | | Out Sourcing - Reduce costs but less control without discharging liability | Moderate | Possible | 9 | Identify risks and inform members |
| 34 | | Loss of Focus on Client Needs and Expectations | Moderate | Possible | 9 | Improve communication with clients and manage expectations |
| 35 | | Fall-Off in Product Quality due to Market Pressures - Contracting | Major | Likely | 16 | Improve quality checking |
| 36 | | Loss of Professional and Technical Competency | Moderate | Possible | 9 | Training/Mentoring Transfer knowledge succession planning |
| 37 | | Over Reliance on Contractor Design Advice | Major | Possible | 12 | Intelligent challenge of advice |
| 38 | | Incorrect Prioritisation of Repairs | Moderate | Likely | 12 | Re-evaluate priorities against risk |
| 39 | Political | Uninformed Imposition of Budget Cuts | Major | Almost Certain | 20 | Ensure members are fully informed of the impact and risks associated with reductions in funding of services |
| 40 | | Competition for Funding - Between services | Major | Possible | 12 | Encourage/develop consensus for scale and scope of budget reductions |
| 41 | Environmental | Financial Penalties (CRC) | Minor | Likely | 8 | Maintain funding or plan for penalties |
| 42 | | Deterioration in the Internal and External Environments of Properties - Impacting on staff and client morale and possibly educational attainment | Moderate | Likely | 12 | Prioritise repairs accordingly, inform members of risks |
| 43 | | Sustainable Repair Solutions are Unaffordable | Minor | Almost Certain | 10 | Ensure members are fully informed of the impact and risks associated with reductions in funding of services |
| 44 | Economic and Financial | Procurement - Loss of economy of scale | Moderate | Likely | 12 | Consider longer contracts/re-packaging contracts and services |

| | | | | | | |
|----|--|--|----------|--------|----|--|
| 45 | | Compensation/Prosecutions - Fines and legal costs | Minor | Rare | 2 | Plan contingency for financial loss |
| 46 | | Increased Reactive Repair Costs - Reducing investment in planned repairs will result in increased responsive repair costs | Moderate | Likely | 12 | Endeavour to maintain investment in planned and cyclical repairs |
| 47 | | Procurement - Heavy reliance on selective competitive tender resorting to cheapest prices for work with consequential loss of quality | Major | Likely | 16 | Award contracts on basis of price and quality |

LIKELIHOOD

| | | 1 | 2 | 3 | 4 | 5 |
|---|---------------------|-------|----------|-----------|-----------|----------------|
| | | Rare | Unlikely | Possible | Likely | Almost Certain |
| | | < 6 % | 6% - 20% | 21% - 50% | 51% - 80% | > 80% |
| 5 | Catastrophic | 5 | 10 | 15 | 20 | 25 |
| 4 | Major | 4 | 8 | 12 | 16 | 20 |
| 3 | Moderate | 3 | 6 | 9 | 12 | 15 |
| 2 | Minor | 2 | 4 | 6 | 8 | 10 |
| 1 | Negligible | 1 | 2 | 3 | 4 | 5 |

| | | Financial | Strategic Priorities and Opportunities | Health & Safety | Reputational | Criticality of Service (following Business Impact Assessment) |
|----------|---------------------|-------------------------|--|--|---|---|
| 5 | CATASTROPHIC | Over £3 million | Complete failure to deliver on a strategic priority | Fatality; multiple permanent injuries | Receives national / international attention with potential for long term impact on public memory; Total loss in public confidence | Critical Service Level One (i.e. Major risk to public health or safety) |
| 4 | MAJOR | £1 million - £3 million | Major impact (positive or negative) on a strategic priority | Major injury or illness leading to long term incapacity/disability; multiple significant injuries | Receives national / international attention with medium term impact on public memory | Critical Service Level Two (i.e. Medium to Major risk to council's reputation / finances) |
| 3 | MODERATE | £500,000 - £1 million | Moderate impact (positive or negative) on a strategic priority | Moderate injury or illness requiring professional intervention; RIDDOR reportable; multiple minor injuries | Receives local press attention with medium term impact on public memory | Critical Service Level Three (i.e. Medium risk to public health or safety) |
| 2 | MINOR | £100,000 - £500,000 | Minor impact (positive or negative) on a strategic priority | Minor injury or illness requiring minimal intervention or treatment | Receives local press attention but with likely short term impact on public memory | Critical Service Level Four (i.e. Low to Medium risk to council's reputation / finances) |
| 1 | NEGLIGIBLE | Up to £100,000 | Negligible impact (positive or negative) on a strategic priority | None, or minimal injury or illness requiring no intervention or treatment | Minor complaints or rumours | Critical Service Level Five (i.e. Minor risk to public health or safety) |

Appendix 3

Ten Top Tips (CBSS design recommendations)

1. Provide adequate access for future maintenance

- Allow adequate space in boiler rooms to service/replace equipment.
- Allow adequate safe physical access for future maintenance of water tanks.
- Provide adequate step back distances for working on electrical panels.
- Allow adequate power points and suitable lighting in boiler rooms and tank rooms.
- Where possible eliminate the need for cramped or high level access use lighting gantries that can be lowered for maintenance in rooms with high ceilings.

2. Handover and commissioning

- Ensure that all systems are fully commissioned prior to handover.
- Ensure that site maintenance staff are fully inducted on the use of the plant and equipment in the building.
- Ensure, where appropriate, that all building users are trained in the operation of the building.
- Ensure that future servicing and maintenance schedules are set in place.
- Ensure that reactive support is available to address teething problems with the buildings and services.
- Provide regular support and updated training where appropriate.
- Ensure that building managers are competent in order to manage buildings and services.

3. Avoid inappropriate materials

- **Do** not use plasterboard in damp conditions or in areas subject to high impact.
- Lead/Copper is very expensive and currently in very high demand. If installing these materials ensure that they are inaccessible or protected from theft.
- Single ply roofing should only be used where the roof will not be subjected to puncture due to inappropriate roof access.
- Mortar if specified incorrectly can cause more harm than good. Site quality control is essential to guarantee the quality of the mix.
- **Consider** the whole life costs associated with a material.

4. Provision of appropriate ironmongery

- Ensure that products specified are robust enough for their intended use (soft aluminium coat pegs in schools are not appropriate).
- Provide concealed products where vandalism is a risk.
- Specify products suitable for operation by the intended user group of the building.
- Specify low maintenance products.

5. Future availability of expertise and materials

- Avoid using costly or difficult to maintain materials.
- Avoid materials and components that require specialist maintenance regimes.
- Ensure materials used can be sourced for future replacement.

6. Flat roofs

- Avoid installing flat roofs if a pitched alternative is viable.
- Take rainwater drainage to the edges of the roof.
- Consider non lead cover flashings.
- Provide access for maintenance from within the building where possible.
- Rainwater outlets to be a minimum of 63mm and protected with a robust, mechanically fixed leaf/tennis ball guard.
- Upstands to be a minimum of 150mm, flat roof failures are generally around details and not on the membrane itself
- Rooflights must be robust, double skinned with polycarbonate outer skin and provided with tamper proof fixings

7. Mechanical &Electrical controls

- Avoid complicated M&E controls.
- Place controls in conspicuous positions and label to clarify their purpose and function.
- Standardise controls i.e.; use the same equipment throughout the building.
- Controls to be locked to avoid tampering.
- Provide a schematic drawing showing the location and purpose of each control.

8. Provide isolation valves in plumbing installations

- Every sanitary appliance and water using equipment to have isolation valves.
- External taps and pipes to have a stop tap and be capable of being drained down.
- Stop taps to be accessible for ease of operation.
- Provide a schematic drawing showing the location of all isolation and stop taps.

9. Protecting walls from water damage

- Windows to have cills.
- Parapet walls to have copings.
- Large surfaces to have horizontal drip courses.
- Wall surfaces to be self cleaning to act as rain screen.

10. Rainwater systems

- Specify materials that are robust enough for the building they are being applied to (plastic downpipes in playgrounds are not appropriate).
- Provide adequate sized outlets to take more extreme downpours of rain that will happen as climate change advances.
- Ensure that gutters and outlets are protected from leaves and other debris in high risk areas.
- Avoid internal downpipes where possible.

Appendix 4

Leased buildings

The issue with property that is leased to or from the LA, lies mainly in the definition commonly referred to as the 'full repairing lease'. The suggestion, contained in the meaning of this term, is that all repairs and maintenance are the responsibility of the leaseholder. In fact, too many leases are ambiguously written. Consequently, it is often the case that duties placed on the leaseholder and landlord remain uncoordinated and, in more serious cases, statutory responsibilities, including inspections and works to critical mechanical and electrical services, are never addressed until a serious incident raises the issue.

More seriously perhaps, are the leases that are granted to charitable organisations on a 'peppercorn rent' and where the maintenance is never addressed due to financial constraints on the part of the charity. It would appear to be an unacceptable scenario, where a LA grants a tenancy, knowing that the probability of lease compliance is unlikely. However, the political agenda can force the issue, as can the security of the building (by being occupied) be of benefit to the LA, given the apparent low cost.

The argument about the standard to which an authority's property portfolio should be maintained can be illustrated when comparing freehold to leasehold property maintenance methodology.

Leasehold property is most likely to have contractual obligations to keep it in good repair to a required standard. The condition of the property would normally be correlated to the rent passing and hence the investment value of the freehold, (along with the other commercial terms). Failure to repair would normally be dealt with stringently by the landlord. The end of the lease is also likely to be affected by dilapidations with added and typically unforeseen costs.

The freehold-occupied property estate has none of the contractual obligations and if the estate manager is enlightened it should be maintained in a similar way. However if the estate manager has other priorities it is possible that repairs are left and replacement of essential equipment ignored. The effect of this on the public estate is of buildings deteriorating disproportionately, inevitably requiring large capital investment much earlier in the property's lifecycle, which could have been avoided if maintenance and replacements had been properly carried out.

Whereas the leasehold property estate has a prescribed element to the required management regime, the freehold estate does not. Prima fascia there is no prescribed standard to which the non-leasehold property estate should be managed. The enlightened public estate manager may operate the property estate to an agreed organizational standard to ensure fitness for purpose and this would be dependant on available resources to achieve this. That local authorities have dedicated property estate managers with adequate resources to allow them to maintain standards of repair and maintenance to meet minimum requirements is merely a perception. Reality suggests that for an unknown part of the public estate, ad hoc arrangements exist which perceivably cannot provide assurance the public should expect from proper stewardship of the publicly owned estate.