

LIVE ACTIVE LEISURE

PROPERTY ASSET MANAGEMENT STRATEGY

2016 -2020

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PROPERTY ASSET MANAGEMENT STRATEGY

CONTEXT

Live Active Leisure's Strategic Framework requires an approach to Asset Management Planning that ensures the long and medium term goals of the organisation are achievable. To achieve this, the Company has developed this Property Asset Management Strategy. This Strategy provides the framework for the Company's approach to Property Asset Management. The property assets of the Company have an insurance value of £82M and the Company annually spends approximately 8% of its annual turnover on maintaining the buildings and a further 9% on utilities.

This Strategy outlines the long-term goal of a fully funded Asset Management Plan. With that in mind this Strategy focuses on the next 3 years, where the external influences on the Company have a significant impact in relation to the build assets. The Company will undertake a strategic review of Leisure Provision, in conjunction with Perth and Kinross Council, that could influence property ownership, leisure hub requirements and leisure needs in the area.

INTRODUCTION

This Asset Management Strategy establishes a framework for Property Asset Management Planning (PAMP) for the Company and draws together a number of projects, initiatives and proposals previously developed in isolation. This Strategy influences and drives the Property Maintenance Plan and the Facility Maintenance Plans that flow from it.

KEY DOCUMENTS



1 SECTION 1

1.1 Property Asset Management Strategy

Property Asset Management as part of the Business Plan

This Strategy is informed by the Business Plan and is structured to support that plan.

The Business Plan focuses on five 'broad' Strategic Pillars:

- Our People
- Customer Experience
- Grow the Business
- Appropriate Facilities
- Business Efficacy

The quality, appropriateness and location of the Company's property assets impacts on each of these Strategic Pillars. The Property Asset Management Strategy is a key document in ensuring the present and future needs of the Company, staff and customers can continue to be met.

1.2 Governance of the Property Asset Management Strategy

This Strategy is governed by the Property and Environment Committee of Live Active Leisure. This document is to be reviewed at three key stages throughout the year.

Stage One follows the budget settlement from Perth and Kinross Council; this is normally in February. The Property and Environment Committee should receive the revised Strategy in March, this document will detail the progress made in the previous year and the work to be carried out in the year ahead.

Stage Two will be an update in September that will be fed into the budget review process for the forthcoming year.

Stage Three will be an update on the progress of works detailed in Stage One and will be presented to the Committee in December.

The minutes and papers from each stage will be presented to the next full Board Meeting.

1.3 Property Asset Management Strategy Aims

1. Deliver a fully costed and funded Asset Strategy
2. Manage the assets more proactively – moving from reactive to proactive maintenance with lifecycle replacements of key components
3. Provide resources to the "flagship" properties
4. Develop technology based solutions to improve performance
5. Ensure compliance with civil and statutory legislation
6. Set and achieve technical standards thresholds
7. Ensure energy efficiency and environmental protection are integrated in this strategy

2 SECTION 2

2.1 Property Asset Management Strategy Methodology

The Audit Commission recommends any Property Asset Strategy should be based on 70% planned to 30% corrective (urgent repairs). Historically the Live Active Leisure breakdown has been 60% corrective to 40% planned.

Surveys carried out by Hardies Property and Construction Consultants has identified lifecycle and dilapidation requirements amounting to £4.9m across the estate over the next 5 years.

The typical useful life of key parts of a building's fabric and its main environmental services systems for leisure facilities is around 20 to 25 years. This is roughly the life of key elements such as:

1. Building Fabric: roof, walls cladding and finishes, doors and windows, sanitary fittings and pool hall tiling
2. Environmental Services Systems: Heating plant and equipment, hot and cold water services, drainage, electrical systems and control systems.

However, sports facilities cannot be refurbished repeatedly, an indefinite number of times, eventually there is no economic alternative to replacement. A **sportscotland** report indicates that most facilities built after the mid-70's should last for three full cycles, that is to say up to 75 years from initial construction plus 2 full refurbishments. Beyond this age, they are likely to require such major works to their structure that demolition and replacement is the only viable option.

This Property Asset Strategy also includes a "soft cycle" of roughly half the period of the hard cycle, where customer expectations make it necessary to undertake periodic upgrades of main public areas.

The Property Asset Strategy integrates refurbishment, periodic upgrades and maintenance in such a way as the works are undertaken based on the complimentary cycles listed below: -

1. 1 and 4-year maintenance cycle
2. 10 to 12 year soft cycle refurbishment, driven by customer expectations
3. 20 to 24 year hard cycle refurbishment, driven by the nature of typical facility building fabric and environmental services
4. Safe and fit for use. For buildings that have an uncertain future, ensuring they are always safe to operate

For the core estate, a schedule of maintenance, repair and refurbishment for each facility in the estate, based on their construction date or last refurbishment date has been prepared, extending over the 24-year refurbishment period.

Costs are calculated by comparison with actual projects undertaken by Live Active Leisure and cross referenced with the Royal Institution of Chartered Surveyors Building Cost Information Service (BCIS). The cost per m² from the BCIS for regular and lifecycle replacement for a leisure site was £28/m² in 2009. The Live Active Leisure cost plan for its properties in 2016 is calculated on £32.5/m² baseline and using the BCIS inflation prediction of 3% per annum from 2009.

The total cost for all centres over the 24-year period, based on 2016 costs, is £17,534,400 resulting in an average annual cost of £730,600. However, with a 3% annual uplift, the 24 year costs rise to £25,151,979 resulting in an average annual cost of £1,047,999

Appendix 1 shows a model Schedule of Maintenance with the complimentary and lifecycle plans.

The projected spend information and scope of work is constantly updated via external condition surveys, internal inspections and regular (annual) meetings with Centre Managers. Appendix II and III show the prioritised works for the current and forthcoming year,

Cost parameters are constantly checked against the Property Reserve availability to ensure expenditure does not outstrip available funds.

2.2 Articulation of benefits of a fully funded Property Asset Management Strategy: -

- 1) Effective alignment of service delivery requirements and property asset performance
- 2) Reduction of down time for facilities & customers
- 3) Reduced running costs for centres
- 4) Continued data capture on the performance of the assets
- 5) Improved environmental conditions in centres
- 6) An environmentally acceptable and sustainable approach to the operation of the assets
- 7) All property brought up to good condition – by 2019
- 8) Good fit between service requirements and the property
- 9) Quick decision making and reaction to issues
- 10) Speedy implementation of new customer focused ideas
- 11) An effective maintenance regime

2.3 Budgetary Considerations

The maintenance budget in 2016/17 is divided into 4 distinct sections:

1. **Facility Maintenance (FM) Budget:** - this is a sum of money allocated to each of our 8 facilities, for ongoing and day to day maintenance. The overall budget is £183K.
2. **Planned Preventative Maintenance (PPM) Budget:** - this is a central sum allocated to ensuring statutory compliance and prudent annual maintenance on plant and machinery is carried out. The overall budget is £159K.
3. **Unplanned Central Maintenance (CM) Budget:** - this is a sum for large spend items when there has been a sudden or unforeseen breakdown: The overall budget is £166K.
4. **Major Refurbishment (MR) Budget:** this funds work identified through condition surveys as lifecycle replacements, urgent or necessary works to maintain the quality or function of the building. The overall budget for is £338K.
5. **Total Maintenance Budget: £846K**

It is unrealistic to operate this Property Asset Management Strategy based on a fixed or diminishing budget. The Company therefore needs to agree the mechanism whereby the Property Reserve can be topped up from revenue surplus, accessed for Lifecycle Projects and highlighted as a budget pressure to Perth and Kinross Council through the budget process.

- The Major Refurbishment (MR) budget is to be used, in part to finance this Property Asset Management Strategy.
- In years when the lifecycle maintenance fund is to be increased, that sum comes from this budget.
- The overall maintenance budget needs to grow to keep up with inflation.

3 SECTION 3

3.1 Tactical Plans

The following ongoing Tactical Plan supports and informs this Property Asset Strategy: -

1. Co-ordinate cyclical maintenance projects with development projects.
2. Complete condition based audits of facilities, on a 5-year cycle
 - a. The condition audits carried out by external surveyors and engineers inform the lifecycle programme and scope of works.

Property	Date last Building Fabric and M&E Surveys
Bell's Sports Centre	2016
Perth Leisure Pool	2016
Dewars Centre	2016
Live Active Loch Leven	2015
Live Active Strathearn	2015
Live Active Rodney	2015
Live Active Letham	2015
Live Active Atholl	2015

3. Update in house facility management systems and apply performance indicators.
4. Standardise Building Management System (BMS)
5. Ensure Continued Legal Compliance

3.2 Action Plans

The following Action Plans are currently being worked on to deliver the Tactical Plans and thus continuously improve the Asset Management Plan: -

1. Identification of customer journey experience, improvements to ensure maximum income generation
2. Effective Logging of Repair Requests (WAM)
3. Cost Centre Charge Out (costs more accurately allocated to facilities)
4. Building & Component Quality Review
5. Energy Efficiency Programmes

6. Condition Survey Programme
7. Interim Investment Plans
8. Pool Water Filter Replacement Plan

3.3 Key Objectives

- To ensure that all factors influencing the present and future use of property assets are considered when developing the strategic direction of the organisation
- Review and update the Asset Management Strategy annually
- To maintain the estate in line with the Property Asset Management Strategy
- To commission, collate, report and act on Condition Reports.
- To maintain an Asset Register

3.4 Monitoring and Review

The intention is that continuous improvement will be generated by a monitoring and improvement cycle as follows: -

1. Identify Key In-House and External Performance Indicators
2. Apply Monitoring and Review procedures
3. Realign Property Asset Management Strategy consistently with survey results and other corporate strategies
4. Keep an up to date log of assets that are beyond life cycle replacement dates but are still serviceable (Appendix IV)
5. Benchmark performance where appropriate

3.5 Requirements for Implementation

The fully funded Strategy detailed above is an ideal and could work if all the properties were at an "as new" standard. Unfortunately, this is not the case; the buildings have been maintained based on a fixed and declining budget over many years. Replacement and refurbishment has been carried out on a "just in time" principle that has, on occasion, lead to significant loss in service due to failure of out of lifecycle equipment.

To implement this fully funded Property Asset Management Strategy it will be necessary to bring the buildings up to an acceptable standard, over a relatively short time scale. The recent Condition Surveys have highlighted the work required to be undertaken over the next 4-year period to achieve the required standard.