

# Estates Strategy – Outline Report

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# 1 Introduction

## 1.1 MFRS Estates

This report has been commissioned following internal restructuring and the retirement of the incumbent Estates Manager at Merseyside Fire & Rescue Service.

In summary this report:

- Identifies the statutory and structural responsibilities of the Fire Service in respect of its built environment.
- Makes reference to relevant recent Government advice regarding asset management within the public sector, including Audit Commission assessment criteria.
- Sets out the recommendation to create a new role of a strategic director responsible for built assets.
- Provides options for direction which could be implemented now or following the appointment of the strategic director.

This report does not aim to provide a detailed structure for the management of estates within Merseyside Fire and Rescue Service, rather to establish the framework on which the new strategic director can build based on the full range of options available.

## 2 Current Estates Function

### 2.1 Extent and Condition of Estate

Merseyside Fire and Rescue Service (MFRS) operates from 32 key sites across Merseyside ranging in scale from temporary portable cabins to the large Service Headquarters building at over 5,000m<sup>2</sup>. In addition to this there are a further 4 LLAR houses within the portfolio.

The newest of the buildings is just over a year old, while many of the fire stations originate from the period between 1960 and 1975. The oldest is believed to date back to 1926.

Issues with the current estate – particularly the older buildings - include:

- An historic under investment in building stock leaving a general state of disrepair
- Unwelcoming forbidding buildings which discourage engagement with the community
- Buildings unsuited to modern appliances and equipment
- Large inefficient buildings
- Non Compliance with Disability Discrimination Act (DDA) legislation

As part of the IRMP and Asset Management Planning carried out during 2006/7 the fire stations were divided into the following groups:

<b>Category</b>	<b>Description</b>	<b>Number of Stations</b>
A	New or recently refurbished; require ongoing maintenance	7
B	Partnership opportunities for future development	3
C	Fire stations which require refurbishment investment through the capital programme to become fully functioning Community Fire Stations	9
D	Fire stations that require demolition and replacement – all within the North West PFI Project due to start on site during 2010; ongoing management through PFI Contract	7

## **2.2 Statutory Obligations**

MFRS carries a significant number of legal obligations in terms of the management of its estate including areas such as the management of asbestos, legionella and electrical safety.

There are procedures in place managed through the Estates team for these areas including record keeping and implementation of management plans.

Updated legislation – for example in the areas of asbestos and legionella – has brought about the need to refresh procedures and management plans over the last 12 months. Completely new management plans for these areas are now in place and training needs at all levels have been identified.

Appendix 1 contains a summary of statutory and other functions carried out by the Estates team.

## **2.3 Project Management**

The Estates team currently manage a number of (predominantly) capital projects to refurbish or replace buildings on a planned basis set out by the Asset Management Plan.

Typically these will involve engaging external design resources, compilation of technical specifications, securing Planning Consent and Building Regulations Approval, compilation of tender documents and support to the Procurement team in tendering then awarding contracts accordingly.

On an increasing frequency these projects involve outside partners – from both public and private sectors – as the Fire Service delivers its aim to work in partnership with other service providers and communities.

In addition to project delivery a significant amount of time is spent providing feasibility, options and cost estimates for a wide range of projects across the Service which are at a very early stage of development. Often this is a key stage in securing funding for projects. This work tends to arrive at Estates without warning and with very short response timescales.

## **2.4 Helpdesk Service**

Building related faults and damage are reported to the Estates team for resolution.

A helpdesk service is provided by the Estates team during office hours with the MACC providing emergency access to suppliers outside these times. Typically this system currently deals with between 160 and 200 calls per month, 98% of which are resolved by call-off suppliers.

## 2.5 Other Estates Functions

The Estates team currently manages around 47 external suppliers on a call-off basis who are engaged to respond to faults reported from any part of the organisation. Most are employed on a same-day response basis.

Given the size and nature of the MFRS Estate, this number of suppliers is unusually high.

Water and energy consumption and payment of bills is managed through the Estates team. Currently every estimated bill is verified against meter readings and anomalies in billing are tracked and challenged. Purchasing of energy is negotiated outside the Estates team through Procurement, however responsibility for quantity of energy consumed rests with the Estates team.

The Estates team working with specialist suppliers delivers waste management for the Service.

The team of directly employed cleaners, an electrician and a handyman are also managed through the Estates team.

Purchasing of building related non-specialist equipment such as fixed kitchen equipment and furniture is co-ordinated through the Estates team.

As noted above, Appendix 1 provides a full summary of functions currently delivered through the Estates team.

## 2.6 Current Estates Structure

Traditionally the Estates team has comprised an Estates Manager supported by a Mechanical & Electrical Inspector, two Estates Officers and two Clerical Officers.

In addition an in-house team of an Electrician, two building Maintenance Operatives and a Jobber have been utilised to carry out day to day repairs around the Estate.

Historically much of the project delivery (design, specification and site supervision work) would be delivered by these personnel in addition to carrying out the services outlined above, including reactive management of faults.

Roles now enshrined under the Construction (Design and Management) Regulations would have also been fulfilled within this team.

During this review a number of posts have been held vacant and filled on an interim basis.



## 3 Challenges and Future Objectives

### 3.1 Audit Commission

The Audit Commission criteria for 'Use of Resources Assessment 2008/9' will measure a number of areas covered by the Estates function, in particular that the organisation:

- has a strategic approach to asset management based on an analysis of need to deliver strategic priorities, service needs and intended outcomes
- manages its asset base to ensure that assets are fit for purpose and provide value for money
- works with partners to maximise the use of its assets for the benefit of the local community

### 3.2 Government Advice

Back in the 2004 report 'Towards Better Management of Public Sector Assets' it was acknowledged that parts of the public sector had failed to adequately resource estates and property management.

Following on from this report, two recently published documents, the 'Public Sector Asset Management Guidelines' (RICS 2008) and CLG document 'Building on Strong Foundations – A Framework for Local Authority Asset Management' provide clear guidance on the process of Asset Management as well as indicators of good Asset Management.

Common themes include the need for:

- A clear demonstration of commitment to Asset Management at senior levels
- Adequate resourcing of this function
- Robust project management systems
- Alignment with vision and policy
- A strategic approach to implementation
- Systems for review and monitoring

### 3.3 Environmental Issues

There are increasing demands relating to environmental issues – some driven by legislation others by policy or a desire to support relevant initiatives. Recent examples include the requirement for public buildings to display information about the energy efficiency of the building in a similar way to those contained on new electrical goods or in Home Information Packs.

Often there is a need to engage specialist advice to establish procedures which with appropriate training could then be maintained in-house. Many initiatives such as this will influence the asset management planning processes and could shift priorities.

Close liaison with the Environment Manager for the Service is essential in keeping ahead of these issues and identifying opportunities for the Service. In the longer term this role should become part of the Estates function given the links with building energy consumption and opportunities for improvements in efficiency and energy generation.

### **3.4 Present and Future Challenges to Asset Management within MFRS**

The following is a summary of challenges and targets facing the asset management function within the Service now and into the future:

- CPA Criteria – challenge to maintain ‘Excellent’ rating faced with tightening assessment criteria
- Compliance with legislation – current and planned
- The need for closer links with operational teams as their requirements change through the IRMP process
- Drives for environmental improvement
- The risk of development of a two-tier Facilities Management service – PFI and non-PFI sites
- The need to identify innovative funding for new projects
- A practical need to rationalise suppliers
- Improvement in delivery of value and incentivisation for suppliers
- Long-term reduction in the number of reactive faults coupled with improved day-to-day management of faults to reduce disruption to wider service delivery
- Development of robust cyclic maintenance management systems

To meet these challenges there is a need for the Service to enhance and implement its asset management strategy.

## 4 Strategic Management of Assets

As noted under Section 3 of this report, there is a clear need to change emphasis at the lead of the asset management function away from reaction and towards strategy and direction.

This in turn needs to be based on an active asset management plan which will underpin the operational strategy of MFRS and the IRMP in particular.

### 4.1 Asset Management Director

It is recommended that this shift in emphasis should be lead by the creation of the new role of Asset Director who would be responsible for strategy in relation to:

- Ensuring compliance with statutory obligations around the built environment
- PFI Contract Management for Merseyside (Operational Phase) reporting to the PFI Director for the wider NW PFI Project
- Asset Management and Planned Maintenance
  - Including:*
    - Cleaning and waste management
    - Security
    - Cyclic Maintenance
    - Building Health & Safety
    - External Grounds Maintenance
    - Furniture and Equipment
- Delivery of FM Helpdesk and Estates Point of Contact
- Liaison with Operational and other Support Teams to ensure buildings meet changing requirements of the Service
- Utility management and rates management
- Provision of Project Delivery resources
- Management of external resources

Only in delivering this strategic function can the Service ensure that its objectives are met in relation to the built assets and ultimately the overall operation.

It is essential to note that implementation of this function cannot run alongside delivery of the function itself.

The level of this role would place the post holder reporting to the Executive Director of Resources, and should sit at Strategic board level (CLT).

The post holder would ideally have a background in building/construction or facilities management augmented by a robust understanding of project management and strategy review. Similar posts in other organisations at this level typically command packages including company car and a salary in the region of £50-55k.

#### **4.2 Asset Manager**

In order for the Asset Director to be able to focus on key issues of reviewing and setting strategy, there is a need for the role of an assistant – effectively an Estates Manager – to work with the Director.

This role will be delivery focused and will include management of reactive work during the transition and beyond. It is generated by both the need for change and the volume of work and projects that the Estates function is currently engaged in delivering.

It is recommended that this role is filled immediately following appointment of the Asset Director as the first step in enabling the Director to deliver the key strategic aims set out in the previous section.

## 5 Future Structure

### 5.1 Estates Team

Traditionally most estates related work has been delivered from within the in-house team drawing on design expertise and CAD resources within the Service.

One option for the future is to maintain and develop this approach.

Key issues to resolve would be the establishment of the required skill sets (mechanical/electrical/building surveyor/quantity surveyor/clerk of works etc.) that may be required, then to develop a succession plan to include the range of levels of staff required to form the team.

At the other extreme, the Asset Director could out-source the entire Estate function to one of the many suppliers of this service to the private and public sector.

There are examples of both of the above around the country within the Emergency Services Sector.

An approach which may be more suited to an organisation of this size is to retain limited in-house technical expertise and to engage one or more external partners to deliver the services. In this way the extent of resource required can be highly flexible to suit precise current demands.

Typically an in-house team would be responsible for management of projects, management of performance of external suppliers and would provide a level of technical advice to other internal departments. Crucially, the internal team would 'own' the asset management plan – even if some or all of the responsibility for delivery of the plan is out-sourced.

Given the sporadic need for specialised technical assistance it would be difficult to justify direct employment of the range of staff that would be required to deliver all of the services required on a full time basis for the size of estate owned by MFRS.

In terms of allowing the Asset Director to fulfil the strategic aims of that role, there is a compelling case for the appointment of an assistant as noted in the previous section of this report. It is recommended however that this is carried out as a starting point by the new Asset Director as a key member of the new team.

### 5.2 Service Supplier Strategy

Many public sector organisations moving towards use of external services are now utilising long-term partnering frameworks – on a similar basis to the way in which IT services are typically procured. This could be an 'all-in-one' package or a split between technical advice and support (consultants) and delivery (contractors), depending on the level of control the Service is minded to retain.

Increasingly, organisations in the emergency services sector are seeking to incorporate arrangements based on the 'Egan / Rethinking Construction' principles.

While the above are options, decisions regarding the means of engagement of suppliers/partners are intrinsically linked to the size and constitution of the team and need to be addressed as part of the strategy for the Estates function carried out by the new Asset Director.

### **5.3 Asset Management Systems**

A further key element in the restructure of the asset management function within the organisation is the need to move towards electronic management of the service.

Given the volume of asset management functions including the detailed layer of statutory compliance, cyclic maintenance and planned work, by far the most efficient means of managing the whole process is through the use of an electronic asset management database.

This type of system sits at the core of the asset management function and can be extended to managed fault reporting/logging and to provide direct links with other corporate systems such as purchasing and finance reporting.

Recently completed work such as the building fabric asset review, asbestos review, legionella review and review of boilers, generators and fuel storage could all be readily incorporated within such a system.

It is likely (although this is not the only option) that the system will be based on one of a number of commercially available software packages – some work has already been done on investigating what is on the market.

In summary, commercially available systems will typically:

- Hold Asset Database (linked to GIS data if required)
- Manage Helpdesk Function including Workflow
- Provide Supplier Management
- Manage Capital Programme and Backlog Maintenance
- Assist in Quality Assurance and KPI measurement
- Provide Project Management tools

Moving to an online system for tracking and monitoring faults in particular would provide flexibility in terms of who carries out the fault helpdesk role as well as allowing managers on site to track fault resolution remotely. The function could continue to be delivered by the Estates team, it could be passed to another internal helpdesk or it could be out-sourced.

Appendix 2 details typical functions carried out through common forms of asset management software. The likely initial cost for a system will vary based on the level

of customisation required for the MFRS application and will be linked to any ongoing software licence payment but is likely to be in the order of £40-50k.

It is recommended that a specification is developed and the package tendered in the short term to assist the new Asset Director in their role when appointed.

## 6 Conclusions and Recommendations

There is a need within MFRS to develop a strategic approach to built asset management in order to deliver corporate aims and to match the level of innovation and service delivery demonstrated elsewhere within the organisation.

To lead this process, it is recommended that a new role of Asset Director, reporting to the Executive Director of Resources is created along with the role of Asset Manager to act as an assistant.

Key subsequent decisions regarding the form of the Estates team need to be addressed, including the level of in-house technical expertise that is required and the means of engagement of external suppliers that is to be applied.

There is a need to rationalise, set performance monitoring and improvement targets and to consider long-term framework arrangements for the engagement of external suppliers – both of goods and services. This process should be lead by the Asset Director with a building/asset management background.

A draft suggested role profile for the Asset Director is attached in Appendix 3.

With external drivers such as increasingly demanding legislation and audit processes, it is recommended that a system is put in place to provide asset management database functionality. This will provide the core information the Asset Director will need in order to determine strategy while ensuring that the Estate is appropriately managed in the meantime.

In summary, there are three short term recommendations of this review:

1. To create two roles – Asset Director and Asset Manager
2. To put in place interim resources to cover the transition and the current high level of Estates related workload within the Service.
3. To recruit the Director role over the next 6 months (the Director then to establish the rest of the team starting with the Asset Manager).
4. Establish a specification for and tender the provision of an asset management system to implement over the next 6 months

Longer term objectives to be delivered by the Asset Director will include:

1. Formalise Asset Management Plan for the service to deliver IRMP into the future



2. Decide on the engagement of external resources (single one-stop supplier vs professional services & contractors or anywhere between), then to set performance standards and KPIs for suppliers
3. Establish the required level of external support and roles within the in-house Estates team accordingly