

Scottish Futures Trust

PPP PROJECTS NEARING THE END OF CONTRACT: A PROGRAMME APPROACH

15 April 2020

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1. EXECUTIVE SUMMARY

As a number of the early PPP contracts are approaching their end of contract, SFT has developed a programme approach to the issues for consideration in relation to the Handback of the Facilities.

There are around 120 Scottish PPP projects across the education, health, office and prison sectors and over 20 projects that will reach the end of contract in the next twelve years, including major health facilities as well as multiple schools projects.

It is these projects that are the focus of the programme approach to Handback that is outlined within this paper.

While the formal Handback provisions in most contracts do not commence until eighteen months or two years before the end of contract, our view is that preparation for Handback needs to commence at least five years out and, in case of more complex Facilities such as acute hospital contracts, between eight and ten years before the end of contract to allow sufficient time to plan and complete often complex lifecycle replacement works.

Discussions have already commenced with a number of Authorities in relation to Handback issues, including supporting condition surveys at individual Facilities and consideration of the wider issues that require to be addressed.

This paper builds upon that work and discusses some key issues that might arise in relation to Handback, recognising that each project will be affected by its own individual circumstances. It aims to provide practical guidance on the process to be followed and the support that we expect to be able to provide. It also sets out some key recommendations at paragraph 16.

In relation to health projects, SFT personnel are members of the NHS specialist support team and a member of its governing body, the Joint Board. The Joint Board is responsible for the programme of work of the specialist support team and it has been taking a similar approach to that taken by SFT.

A glossary of terms is included as Appendix 1.

2. PROGRAMME OF PROJECTS

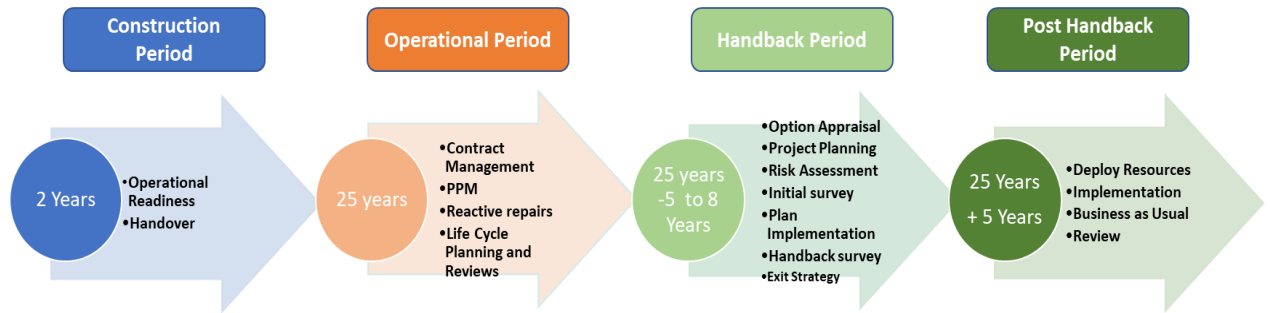
Table 1 lists the projects where the end of contract occurs within the next twelve years, so as to provide for a rolling programme of preparation for Handback. These projects are all in the health and accommodation sectors as projects in other sectors are outwith the scope of this paper, as different considerations will apply.

Table 1

Projects with end of Term by 2032		
Project	Procuring Authority	End of Contract Date
Kilmarnock Prison	Scottish Prison Service	Mar-24
Tippethill (Bathgate)	NHS Lothian	Sep-25
Perth & Kinross Office	Perth and Kinross	Sep-25
New Craigs Hospital	NHS Highland	Jul-26
Ayrshire College-Kilwinning Campus	Higher Education	Aug-26
Falkirk Schools PPP1	Falkirk	Aug-26
East Ayrshire Community Hospital	NHS A & A	Aug-26
East Renfrewshire Schools PPP1	East Renfrewshire	Aug-26
Balfron Schools	Stirling	Aug-26
Police Force Training Centre	Police Scotland	Oct-26
RIE	NHS Lothian	Jan-27
Carseview Centre	NHS Tayside	Apr-27
Ferryfield House	NHS Lothian	Oct-27
Aberdeenshire Schools PPP1	Aberdeenshire	Jul-28
Highland Schools PPP1	Highland	Aug-28
Larkfield	NHS GG&C	Nov-28
Ellen's Glen House	NHS Lothian	Nov-29
Wishaw General	NHS Lanarkshire	Apr-29
Fife Schools PPP1	Fife	Aug-29
Easter Ross PC Centre	NHS Highland	Mar-30
Forfar & Kirriemuir CRC	NHS Tayside	Mar-31
Glasgow Schools	Glasgow City Council	Apr-31
Hairmyres Hospital	NHS Lanarkshire	May-32
Aberdeenshire Schools PPP2	Aberdeenshire	Jul-32
West Lothian Schools PPP1	West Lothian	Nov-32

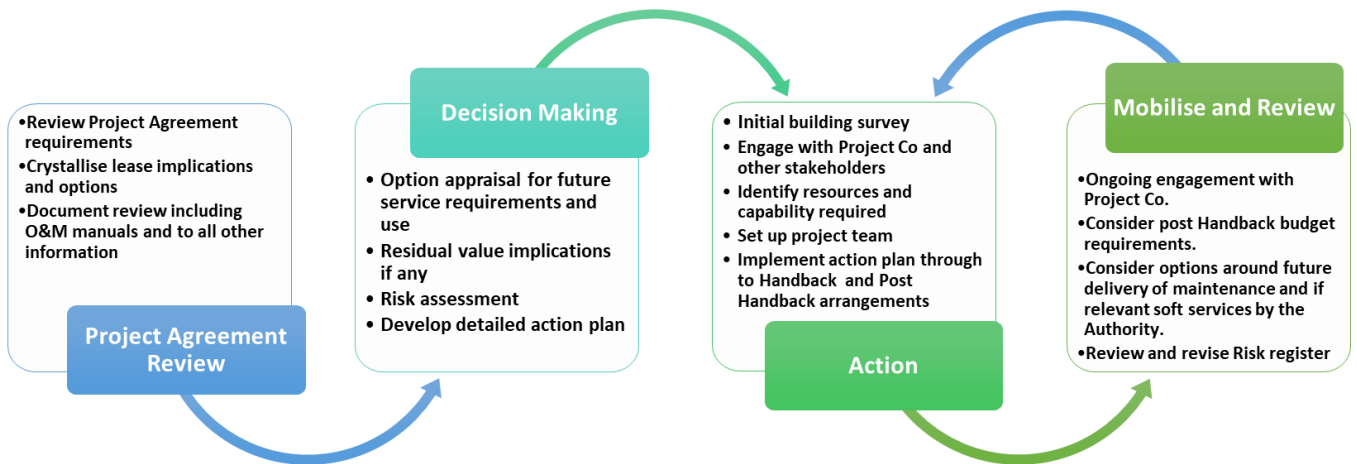
3. PROJECT TIMELINE

The following diagram illustrates the timeline for a typical PPP project from construction to the post Handback period noting the key activities for the procuring authorities. More detail is contained in the following sections:



4. HANDBACK PROCESS THROUGH TO POST HANDBACK PERIOD

4.1 The following flowchart illustrates the Handback process through to the post Handback Period and identifies key actions flowing from a review of the contract documentation, through an option appraisal and decision making phase to implementing an action plan, while ensuring a process of review as the project proceeds:



4.2 There are a number of aspects of the Handback process, including the following key issues that are covered in the rest of this paper

- Project planning
- Review of the project documentation
- Future use and ownership of the Facility
- Contract extensions
- Resourcing, including external advisory support, and governance
- Risk assessment and review
- Initial condition surveys
- Ongoing contract management
- Dialogue with the private sector
- Handback surveys and retentions

5. PROJECT PLANNING FOR HANDBACK AND THE POST HANDBACK PERIOD

Our recommended approach is that Authorities set up a project team and produce an action plan to address the issues discussed in this paper. This will enable the Authority to map out what actions are required over the remaining years of the contract and in the process to the post Handback period, recognising that some issues might be more back ended and that the plan will develop and evolve over time.

A. Where the accommodation transfers back to the Authority who is intending to continue to remain in and use the Facility, the following issues should be considered.

- The process for ensuring that the Authority has ownership of the Facilities (unencumbered by any ground leases) or other arrangements for the Authority's occupation going forward.
- The process for ensuring that any outstanding lifecycle replacement or other works identified in the initial and handback survey including lifecycle replacement (that will be required prior to the end of contract) are carried out. This should take account of the need for identifying access and timing and resolving any issues with ProjectCo. It is useful in this context to understand which private sector party holds the lifecycle risk and reward (either ProjectCo or the FM company).
- The service model of the Authority going forward and in particular whether the Authority will thereafter itself be providing the hard and, if applicable, soft FM services provided by ProjectCo prior to the end of the contract or whether a procurement of outsourced services is required.
- The process for transitioning to the new service model and for operating business as usual thereafter.
- Budgetary consequences need to be considered of: (i) the cost of the Handback process itself; (ii) any acquisition or residual value payment; (iii) the costs of maintaining and operating the Facility; and (iv) the new service model going forward, including staff costs, investment requirements for equipment, including staff costs, investment requirements for equipment.

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- Development of a risk register that should be comprehensive and regularly reviewed and updated as required.
 - There is likely to be an important process in relation to the application of TUPE and consideration of pensions and other employment issues. Good communication and liaison with ProjectCo and its FM provider and the employees concerned will be crucial.
 - Identification of the equipment (both currently used by the Authority as part of the project and in the provision of ProjectCo's services), furniture and fixtures that will be required to carry on the services after the end of contract. In particular, Authorities should clarify which party owns the furniture and fixtures and equipment and whether there are any relevant provisions in the Project Agreement dealing with transfer at the end of contract, as well as to the condition of those items. Likewise, spares that are held by ProjectCo or the FM provider should be considered, particularly if they are bespoke to the Facility.
 - The impact of the ending of the hard FM service on issues such as practical responsibility for legislative requirements relating to fire, electrical and water testing and the appointment of designated individuals, particularly for health projects.
 - Arrangements for maintenance contracts that will need to be in place to deal with, for example, lift maintenance and alarm systems.
 - Insurance arrangements to be put in place, where the Authority does not self-insure, after the end of contract.
 - Documentation and other data that will require to be provided to the Authority at the end of contract, including asset register, O&M manuals, maintenance and audit records and how this information and documentation system will integrate with wider systems in use within the wider estate: an early discussion will be required with ProjectCo and its FM provider as to what is available and what needs to be assembled, taking into account the contractual provisions.
 - A process for and approach to engaging with ProjectCo and for applying and exercising remedies under the contract and, where appropriate, a negotiating strategy will be required.
 - Any other issues identified in relation to the project or in the risk register should be addressed.

B. If the Authority intends to vacate the Facility at the end of contract, then the action plan will reflect those circumstances. It would include:

- Planning for the alternative premises from which it will reprovide the services currently carried out at the Facility and ensuring those are in place in good time;
- A potential discussion with ProjectCo as to the level of service required in the period prior to the end of contract;
- The future use and ownership of the Facility and whether there is any value that can be realised for the Authority (see 7 below);
- Budgetary consequences of vacating and the new arrangements going forward;
- Contingency measures if alternative arrangements are not in place by the end of contract; and
- Other consequences of the end of contract and the vacation of the Facility, including any impact on staff.

6. REVIEW OF THE PROJECT DOCUMENTATION

As a first step the Authority should review the contractual documentation and ensure that it has a full copy of all relevant documents including any amendments and variations. It should also review the availability and completeness of building related documentation and data that it will require post-Handover, including O&M manuals, asset register and building user guides.

7. FUTURE USE AND OWNERSHIP OF THE FACILITY

- 7.1 An early issue to be considered is whether the Authority intends to continue to use and hence remain in occupation of the Facility after the end of contract. Considerations might include current and potential future service configurations and (i) the suitability of the Facility for that future service provision; (ii) other premises available to the Authority; (iii) ownership of the PPP Facility; and (iv) any Residual Value payable.
 - 7.2 In many cases it will be obvious that the Authority does wish to remain in occupation but in other cases an options appraisal will be required.
 - 7.3 In addition to the Authority's future service requirements, an important financial consideration is whether, at the end of contract, the Facility reverts automatically to the Authority (with any leases coming to an end at the same time) or whether there is a Lease Structure in place or indeed the Facility is owned by ProjectCo (see the glossary at Appendix 1 for a fuller explanation).
 - 7.4 It is important therefore, that the Authority takes legal advice at an early stage to establish the position, and if the Facility does not revert automatically to the Authority the options available to it under the contract and the financial implications. For example, this may include the cost of terminating any ground lease or acquiring the property.
 - 7.5 Any such cost might be an amount based on market value or a formula or a fixed amount or a combination of the two (e.g. the lower of £x and market value). It is important that the Authority understands and takes advice as to the assumptions in the provisions (e.g. the use or rental assumptions in a ground lease can affect valuation and there might be applicable statutory restrictions in relation to leases). The Authority should consider what ProjectCo's commercial position may be under different scenarios. For example, a building currently used as a school or a hospital might have a very different value for an alternative use.
 - 7.6 In some projects the Authority may not have the right to acquire the property or ground lease but might have a right of extension (see 8 below).
 - 7.7 If the Authority decides that it does not require the Facility at the end of contract then it should consider whether:
 - it can derive value from the Facility or the property (either alone or in conjunction with ProjectCo); and
 - it requires the same level of service (e.g. as to lifecycle replacement) until the end of contract or whether any saving could be negotiated with ProjectCo: any Authority considering that approach should discuss it with SFT as there might be project specific issues to be considered.
 - 7.8 Authorities should also bear in mind that, in appropriate circumstances, their end of contract rights can be the benchmark against which to negotiate a different commercial position.
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8. CONTRACT EXTENSIONS

- 8.1 Some contracts contain the rights to extend, (though in some these are tantamount to agreements to agree), or this may be proposed as part of a commercial negotiation. Issues that require consideration under contract extensions include (i) levels of control of the Facility (e.g. as to future alterations to the building); (ii) value for money; and (iii) the constraints of the procurement rules.
- 8.2 Any Authority that is considering any extension should take professional advice and contact SFT to discuss.

9. RESOURCING, ADVISERS AND GOVERNANCE

- 9.1 A multi-disciplinary team is likely to be required across the Authority, as well as external advisors who may need to be procured. The level of resource will vary depending upon the complexity of the project.
- 9.2 The level and scope of external advisory support will vary with the degree of complexity of the projects but is likely to include:
- technical advice to carry out surveys, including in relation to M&E plant and other issues as required (see Appendix 2);
 - legal advice on the contract, the property position and its application and employment law and other issues as required; and
 - potentially financial or valuation advice in relation to residual value and other issues as required.
- 9.3 We recommend that a project team is formed under the auspices of a project board or similar structure with clear responsibilities allocated to individuals and with appropriate reporting through the Authority's governing structures.

As well as providing oversight and management of the project, the project board should maintain and monitor a risk register and review the project plan as the matters progress towards the end of contract and beyond.

The project board could also monitor a budget consistent with the Authority's internal governance arrangements.

10. RISK ASSESSMENT AND REVIEW

In keeping with the carrying through of any project, the production, review and revision of a detailed risk register is important to ensure that the project plan is comprehensive and addresses both the circumstances and risks apparent at the outset of the process and as it develops.

11. INITIAL CONDITION SURVEYS

- 11.1 Reviews into legacy projects undertaken by SFT over the last few years have highlighted varying degrees of focus by ProjectCos and their FM providers on maintaining Facilities to comply with the contractual requirements. This is a fundamental part of the service being paid for.
- 11.2 While most but not all early contracts provide for the carrying out of a Handback survey, this is often close to the end of contract. SFT's view is that Authorities should carry out an initial condition survey at least five years from the end of contract (or earlier in the case of complex Facilities such as acute hospitals). This should ensure that there is still sufficient funding within ProjectCo to pay for such works which may not be the case if there are only two years remaining of the contract when the Handback survey is undertaken.
- 11.3 The advantages include:
 - 11.3.1 transparency as to the condition of the Facility (particularly M&E) and the level of lifecycle replacement that is likely to be required to be carried out by ProjectCo;
 - 11.3.2 a view as to the likely lifecycle replacement for a period of five years after the contract expiry date to assist the Authority's budget planning;
 - 11.3.3 time to allow the end of contract works to be carried out consistent with the ongoing provision of the Authority's services and to minimise disruption to those services by planning works appropriately;
 - 11.3.4 reducing the risk of Facilities being handed back to public bodies with large liabilities in terms of replacement works which should have been carried out during the contract term and for which there is very unlikely to be any budget allowance within the public body after the contract term has expired.
- 11.4 SFT has supported a number of Authorities to carry out an initial survey of their project buildings, based on a template scope that is set out in Appendix 2.
- 11.5 The key lessons learnt from these initial surveys are noted in Appendix 3. These are reflected in the Key Recommendations in paragraph 16.
- 11.6 Each Authority will be able to use the survey report and any recommended course of potential remedial actions (and see further details in Appendix 3), in conjunction with a consideration of the standards and remedies under the Project Agreement to include follow up actions in its project plan (see further 5 above).

12. ONGOING CONTRACT MANAGEMENT

- 12.1 While the Authority is preparing for Handback, it will also need to continue the ongoing contract management of the contract to ensure ongoing service delivery. Authorities should consider the requirement for additional resource to cover both the ongoing contract management and the processes associated with the Handback project. The interrelation between the two should be recognised and we would expect that the contract manager will be a member of the project team.
- 12.2 In particular, the process of ensuring that issues identified in an initial survey (as to which see 11 above) are rectified or, as the case may be, planned and implemented by future lifecycle replacement is inextricably linked to the ongoing processes of reactive repair rectification and comment on, and approval of, lifecycle plans and ongoing monitoring. An important issue is planning to ensure access will be available for lifecycle replacement to take place (particularly in acute health facilities that operate 24/7 and community facilities in schools that operate year round). This reinforces the importance of beginning Handback planning at an early stage.
- 12.3 Contract managers should consider increased scrutiny of PPM and breakdown trends particularly of plant and equipment so as to identify any additional lifecycle replacement requirements that might not have been identified in an initial survey.
- 12.4 As the Authority defines its future use of the Facility (assuming it is not vacating), the requirement might well arise for alterations to the Facility and hence increases in or more material variations. Depending on the type of variations, lifecycle requirement might be affected, and this should be taken into account by the Authority. This will form part of the ongoing contract management.
- 12.5 As has been discussed at operational contract management regional groups, we would expect that contract managers would monitor and closely manage the contracts in accordance with good practice. This should enable the Authority to achieve the service and standards to which it is entitled, while maintaining a constructive and open relationship with the private sector parties.

13. DIALOGUE WITH PRIVATE SECTOR

Throughout the process it is important to keep open the dialogue with the private sector parties and a collaborative approach is desirable. Contact should be at the right levels for relevant issues encompassing both practical matters to be attended to on the ground and escalation where required for the resolution of any commercial issues. It is important from the outset to ensure that there is a common understanding of the matters that require to be addressed and the timescales involved, including as to the implications of the contract both for lifecycle replacement that needs to be planned and carried out and the variety of other areas that will need to be actioned and resolved. This is particularly important for early projects where very different end of contract provisions were often included within the contracts.

14. HANDBACK SURVEYS AND RETENTIONS

- 14.1 As indicated, it is common for PPP contracts to require a Handback survey (usually around one to two years prior to the end of contract) and for retentions to be made (by the Authority from the unitary charge) if there are outstanding works, though the early projects vary. It is important that Authorities familiarise themselves with the details of these provisions and follow the contractual process, including setting up the mechanics for any retention in good time.
- 14.2 The initial condition survey is not a substitute for a final survey though our recommended approach should mean that there is more visibility as to issues to be addressed and more time available to resolve them prior to any final Handback survey. It is, of course, possible for new issues to come to light later in the contract period especially as the initial survey is unlikely to identify every issue as it is sample based.
- 14.3 It would be useful for an Authority to understand the likely quantum of any potential retention that might be made in respect of works to be identified in any final handback survey as part of the consideration of remedies available to ensure that all issues are resolved. As with an earlier survey, issues around access and timing of works will need to be addressed.
- 14.4 As with other aspects of Handback, and indeed contract management, ongoing dialogue with ProjectCo and the FM provider is to be encouraged.

15. SFT SUPPORT

- 15.1 Building on the work carried out to date, SFT can provide some support in relation to accommodation projects in relation to:
- 15.1.1 the initial survey;
 - 15.1.2 identifying the issues in relation to ownership of the Facility;
 - 15.1.3 applying the contract so as to ensure that the standard of maintenance and lifecycle replacement is met;
 - 15.1.4 developing a project plan;
 - 15.1.5 implementing the project plan,
- all subject to review on an annual basis.
- 15.2 As noted above in relation to health projects, there is a Joint Board that is responsible for the programme of work of the NHS specialist support team and it has been taking a similar approach to SFT.
- 15.3 SFT has prepared this paper as a resource available to Authorities in relation to the Handback of PPP projects. It is intended to provide high-level guidance only and should not be regarded as a substitute for definitive legal, financial, technical or other advice. In addition, it should be borne in mind that the legal position may have altered since the date on which this paper was prepared. SFT does not owe any duty of care to users of this paper and, in particular (but without limiting that general exclusion of liability), SFT will not accept any liability arising from any statement, advice, recommendation or guidance set out in this paper being incorrect or misleading, either generally or in respect of its application to a given set of circumstances.

16. KEY RECOMMENDATIONS

The major recommendations coming from experience to date are that each Authority should:

- **be well prepared and plan early**; as indicated we think that planning must start a minimum of five years out and eight to ten years for more complex projects;
- **be clear as to what it is wanting to achieve and plan for that** outcome to ensure the continuity of the underlying services, whether this is at the Facility or not: this will allow constructive planning so reducing risk and ensuring any financial consequences are managed;
- **engage early and constructively** with the private sector (i.e. ProjectCos and FM providers);
- **note that within the contract provisions there are incentive mechanisms**, particularly the payment mechanisms, and these should be used as required to avoid or reduce risk and ongoing liability for Authorities;
- **treat the process as a project and ensure that appropriate governance and sufficient resources are in place**: both internally and with external advisers, as appropriate;
- **be aware that, in the early projects, each contract is different** and the individual circumstances of each project are likely to vary and issues other than those covered in this paper might arise or have a different impact; and
- **take advantage of the support** that is available from SFT, the NHS specialist support team and other Authorities that are, or have gone through, a similar process and be willing to share the Authority's own experiences with others.

APPENDIX 1 : GLOSSARY OF TERMS

The following terms are used in this paper:

Authority : the Scottish health board, local authority, college or other public body that entered into the relevant Project Agreement ;

end of contract : the natural or initial expiry date of the relevant Project Agreement;

Facility : the buildings comprising the hospital, school, college or other facility that were constructed or refurbished under the Project Agreement ;

Handback : the process whereby the Facility will be handed back to the relevant Authority or, where the Authority decides that it no longer requires the Facility, the arrangements for vacation of the Facility and its disposal or other future use;

Lease Structure : a property structure put in place at the same time as the Project Agreement was concluded whereby the Authority as owner of the land on which the Facility is to be built grants a long ground lease to ProjectCo that then grants a shorter sublease to the Authority: at the end of contract, the sub lease automatically ends and the (usually significantly) longer ground lease continues until terminated and any relevant security documents discharged;

Project Agreement : the PFI or PPP contract entered into by the Authority and the ProjectCo at the outset of the project;

ProjectCo : the special purpose company or other private sector entity that entered into the Project Agreement; and

Residual Value : a payment due by an Authority at the end of contract to acquire property rights in the Facility so that it can hold ownership of it unencumbered by any leases or other rights held by ProjectCo.

APPENDIX 2: TEMPLATE SCOPE OF INITIAL SURVEY

As narrated in the main body of this paper, it is important to ensure there is complete transparency as to the condition of the Facility (particularly around M&E) and the level of lifecycle replacement that is likely to be required to be carried out by ProjectCo;

Looking ahead to the end of contract, it is essential that the Facility is maintained to the required standard to meet the contractual Handback requirements in order to minimise the liability for future lifecycle spend by the procuring Authority which will become directly liable for maintenance and lifecycle expenditure from that point, unless it vacates the Facility.

For the Authority to mitigate these risks, it is important to structure the required scope of service in respect to any building condition survey to ensure that: -

- the scope is specific to the project,
- the scope includes all relevant project information,
- tenderers receive as much information as possible, and
- the scope includes any project specific requirements that need any additional review i.e. impact of any formal changes or variations.

The following scope of service sets out an initial approach and survey specification assuming a typical PPP accommodation project which can be amended as required to include any project specific requirements. It is also worth noting that this template specification has been tendered across several projects and responses from building surveying practices to date have been consistent with little or no substantive queries or qualifications.

Also, the template scope of survey includes for tendering information which again should be amended depending on procurement route.

The Scope of Services are as follows:

To provide:

- An assessment of building condition, including M&E services using RICS condition grades and priority ratings against the required standard to meet the Handback requirements set out in the Project Agreement.
- A written report providing a summary of the general condition of the surveyed areas, the key findings of the documentation review and survey outputs. Financial analysis demonstrating the costs that are expected to be incurred by ProjectCo up to end of contract and those that are expected to exist in the period of the following five years after the end of contract for the public body to understand the potential financial exposure.

This will include:

Building condition/schedule of activity:

- Undertake a visual inspection with an element of disruptive survey where necessary of the building fabric, mechanical and electrical services including public utility services entering the premises. The extent of inspection required is detailed below for each Facility.

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- Report on all relevant statutory compliance matters.
 - Liaise with the existing building managers and FM contractors where relevant to understand recent (within the last 5 years) and proposed future planned maintenance works.
 - For each of the principal building elements an assessment of the existing condition using RICS condition grades and priority ratings.

Information:

In advance of undertaking the surveys, the technical adviser will be provided with an information pack for each property. This will include:

- access to the relevant contract information to facilitate an analysis of the contractual documentation and understanding of the maintenance and lifecycle obligations, along with the handback criteria; and
- financial model, lifecycle model, construction & FM proposals & maintenance records

Output

The required output will include an executive summary, detailed condition survey reports and elemental cost estimate.

The procurement and appointment should include for the following:

1. A one-day inception review meeting with SFT and Public Bodies representatives in either Edinburgh or Glasgow.
2. Fortnightly progress meetings during the programme period in Edinburgh or Glasgow.
3. A final review meeting including a presentation of the findings in Edinburgh or Glasgow.

Tendering Instructions: -

To procure through: - SCAPE, Frameworks or Hub Strategic Support Services

- Minimum of 3 tenderers.
- Must have PPP/PFI experience.
- Programme: -
 - Tender return: - XXXXX
 - Appoint by: - XXXXX
 - Commence survey: - XXXXX
 - Draft report: - XXXXX
 - Final report: -XXXXX
- Authority Representative: -
 - Name: - XXXX
 - Addresses: - XXXX
 - Contact Details: -
 - Main - XXXXX
 - Mobile – XXX

A Programme Approach

- SFT Representative, where applicable: -
 - Name: - XXXX
 - Addresses: - XXXX
 - Contact Details: -
 - Main - XXXXX
 - Mobile - XXXX

- Authority Procurement Contact: -
 - Name: - XXXX
 - Addresses: - XXXX
 - Contact Details: -
 - Main - XXXXX
 - Mobile - XXXX

Project Information: -

Project Name	Procuring Authority	Project Status	Date of Financial Close	Date of Operations	Summary Details
Operational Period (years)	Total Capital Value (£m)	Project No 1 Capex	Project No 2 Capex	Project No 1 GIFA m2	Project No 2 Capex GIFA M2

Base Survey Methodology

The following base methodology should be considered as the base line/starting point for all survey activities and adjusted where relevant by the relevant authorities/public bodies to suit the specific need of each survey and adjusted accordingly.

- **Building layout plans to be supplied by the Authority.**

When setting the required survey scopes, consideration should also be given to the following:

- Allow plenty of time to allow tenderers to develop their proposals.
- Allow time for the surveying team to mobilise.
- Work in collaboration with ProjectCo at an early stage.
- Quality of surveying team on site and report writing (MRICS qualified surveyors and suitably qualified engineers) because defects/design compliance may need to be drawn out in the exercise.
- Robust survey methodology identified, including how to treat non-accessible spaces, including locked or in-use rooms on day of survey, risers, high level locations, areas of plant.
- Ensure access to roofs and high levels is properly considered with MEWP and safety properly considered.
- Be clear on what is not in a survey, e.g. rot, testing, asbestos, covered up areas, etc.
- Make sure to allow for semi-intrusive surveys, e.g. above suspended ceilings.

Base Methodology

As part of the Survey process, the following activities must be undertaken by the Surveyor(s) (“**Surveyor(s)**” in the context of this document shall mean a Chartered Building Surveyor, or Services Engineer)

Stage 1. - Desktop Study (Pre-Survey).

Review the planned preventative, statutory and reactive maintenance records of the FM Contractor to identify any trends in maintenance activity / breakdown issues that may provide indicators to potential latent and inherent defects. This may include review of electronic helpdesk or other reports. Specifically, the Project Agreement requires the ProjectCo to produce several maintenance related schedules and information that will require review.

Typically for most projects (these will differ from project to project and the scope should be amended to meet the specific project requirements) the Project Agreement requires:

- An initial Maintenance Schedule in respect of the Facility and the Equipment for the first academic year.
- Maintenance Schedules in respect of the Facility and the Equipment for the next succeeding contract year.
- Detailed description information linked to the Maintenance Works described in a Maintenance Schedule to be carried out in the next following contract month.
- Any records where the Authority’s Representative is reasonably of the view that the Maintenance Schedule did not make provision for enough Maintenance Works in the relevant year as to comply with the Services Company’s obligations under the contract; and

1. Interpret from a desktop study any indicators of defects of potential latent or inherent nature for specific focus in the survey.
2. Review previous defect notifications or issues and consider as a developing line of focus for the Survey and inclusion in the Survey Report.
3. Review documentation pertaining to the assets to gain a good understanding of their construction and installations including specifications, drawings or schedules.
4. Audit the project construction contract to understand the original performance criteria, scope of works and allow later cross reference of any Defects as breaches to relevant contract clauses.
5. Review the building plans and uses and liaise with ProjectCo's manager and FM Contractor to determine and agree dates for the survey and any special access restrictions or hours.

Stage 2. – Meetings Q&A Session (Pre-Survey)

6. Meet with ProjectCo's manager and FM Contractor at the asset locations and progress a Q/A session on any known issues and likely or potential issues which the Surveyor believes are an appropriate line of speculative or otherwise prudent investigation in relation to the nature of the assets and potential, or already identified defects. (the Pre-Survey meeting may be undertaken on the first day of the site survey, but always before the Survey commences)

Stage 3. - Condition Site Survey

7. Survey the building fabric internally and externally including external works and infrastructure.
8. Undertake a visual inspection of all accessible building services plant, equipment and distribution networks within and around the asset. Review on-site test and service data.
9. The Surveyor will survey every room/agreed rooms within the asset that is available to them on the agreed date of Survey. Any rooms not accessed during the Survey must be stated in the Report including the reasons for not getting access. The Surveyor will use best endeavours to manage the time of the survey to ensure that maximum opportunity to access all rooms, and for rooms not immediately accessible they must make at least one other attempt to gain access by discussion with the FM Contractor or Users of the space.
10. For assets where there will be a use pattern that significantly restricts access during normal working hours i.e. 9am-5pm / 5-days week, the Surveyor will allow in their Fee for progressing the Survey at a time or on days that the best possible accessibility is achievable.
11. The survey and survey report shall be structured to the full BCIS Element Group, and sub-element lists irrespective if they exist at the building. A list of Elements will be provided for the Surveyor to incorporate in their Report. For Elements that do not exist, it shall simply be stated that such installations or materials are not present in the building. The list will be agreed prior to commencement of the Survey and, where possible, any existing room numbering protocols should be incorporated.

12. The survey will be non-intrusive in nature, save for those ceiling-void inspections set out in the Semi-Intrusive Inspection criteria, as noted below:

Semi-Intrusive Inspection criteria:

- Inspections only at the locations identified on the semi intrusive inspection schedule, up to **[20 locations]** [*this might vary with the project*] will be agreed prior to commencement.
- All inspections shall be not greater than the normal ceiling height of a single storey.
- All inspections shall be in locations where suspended ceiling tiles can be removed from an inlay-grid or clipped type ceiling system.
- The Surveyor will access the ceiling void by way of stepladder access. Such stepladder to be provided by the Surveyor who shall be responsible for its suitability and safety in use.
- The Surveyor will be responsible for the safe removal and reinstatement of ceiling tiles.

13. The survey must include roof voids where these are accessible.

14. The survey must include an assessment on condition of fittings furniture and equipment – a general assessment of condition will suffice on a grouped basis.

15. The Surveyor will record the following defects or lines of enquiry for further Investigation:

- Defective design.
and/or
- Defective workmanship or defective materials or components.
and/or
- Defective installation of anything in or on the building(s), services external works or infrastructure.

16. The Surveyor must take photographic records of all primary Elements that exist to record the Element and its general condition at the time of inspection. Thereafter, the Surveyor will photograph all specific defects, ensuring the photos clearly identify the defect. All defect indications which are included in the Surveyor's Report must be photographed and location referenced in accordance with the accommodation schedule or floor plan referencing convention, ideally including room reference and name or function for internal spaces.

17. The Surveyor will include in their report floor plans or elevations (which will be provided to them by ProjectCo, if available) which must be marked-up with the location of all defects in their report, accompanied by a unique individual defect reference number.

18. The Surveyor is required to inspect all roof areas where safely accessible. The Surveyor must also allow in their Fee the time necessary for potential inspection of difficult to access roofs using mechanical elevated work platforms. Whether these are required will be determined by discussion with the FM Contractor prior to commencement of the Site Survey. The Surveyor will be expected to manage the MEWP works including hire of appropriate machinery, which will be recompensed at cost subject to proof of the supplier's invoices.

19. Elevations must be inspected as close as possible; binoculars must be used to survey higher or distant reaches.

20. The use of remote-controlled drones and or cherry pickers to be considered and costed separately

21. The Surveyor will gain access to all plant spaces, accessible risers and roof voids to access such equipment.
22. At all times the Surveyor will follow the requirements of the FM Service Provider in maintaining safe and compliant access.
23. The Surveyor will be required only to assess the distribution networks of the building services at those locations where the same are visible without opening-up and at those locations detailed on the semi-intrusive Inspection Schedule (to be agreed).
24. Any indications which lead the Surveyor to believe that immediate remedial action should be undertaken to safeguard the safety of the building users or its operational status shall be notified with immediate effect to ProjectCo's manager.

Stage 4. – Meetings Q&A Session (Post-Survey)

25. Meet with the FM Contractor and ProjectCo's manager at the asset location and progress a Q/A session on initial observations of the Survey, to ensure capture of any further asset history that may be of relevance and consider other potential further specialist or more disruptive investigations that may be required. This may be achievable at completion of the site survey, provided prior arrangements can be made for attendance of the respective parties. Stage 5. - Reporting.
26. Prepare and issue a detailed report on items that may be associated with latent or inherent defects. The report will include a Preface section covering the purpose of the report, any limitations, general building description, construction and its systems; age, size, uses etc.
27. The main body of the defects report must be in a table/schedule format and will include the following criteria:
 - **Ref.** –a unique reference number for each schedule entry
 - **Element** group – e.g. External walls, Lighting Installations
 - **Sub-Element** type – e.g. Brickwork, Emergency Lighting
 - **Location** - of the item, e.g. Floor Level/Room Number/External, South elevation
 - **Defect Observation(s)/Reasons**– Description of the defect, context and reason.
 - **Recommendations** – Recommended course of potential remedial action, including if issues are found that may indicate the presence of failures of an abnormal or complex nature, recommendations will be made on the need for further investigations by other specialists.
 - **Priority** – Each defect will be prioritised to allow action whereby immediate use of the building or parts thereof or Health & Safety or significant operation risk may be a residual factor of the currently observed defect. The priority criteria will be provided.
 - **Contractual Requirement** – The most relevant contractual performance clause that applies to the Defect with respect to the original Building Contract requirements.
 - **Photo** – Photo(s) of the specific defect will be incorporated into the table /schedule, or there will be a number cross reference to a photographic Appendix.

The following must be provided in an Appendix:

- **Photos** (if not in the table/schedule)
 - **Plans (+ elevations if available)** – Each defect will be over-marked on a floor plan (or elevation if available) and cross referenced to the relevant item in the defects Schedule.
 - **Additional Information** – Any other information such as supporting details or information pertinent to the defects in the report.
28. Reports must be formatted to be issued electronically to a satisfactory quality level.

Stage 6. - Close-Out Meeting

29. After issue of the defects report and allowing time for review by the recipients, the Surveyor will provide for time to present the findings and take questions regarding the findings and any further recommended courses of action arising.

Base Survey Requirements

Where on projects, the Project Agreement includes for specific Handback provisions defined in the Project Agreement requiring ProjectCo to carry out a survey of each Facility (including plant and equipment).

As a precursor to the Handback provisions (typically which requires a survey to be undertaken not more than 18 and not less than 12 months prior to the end of contract) this LCM condition survey will provide a baseline comparison to allow the Authority to look back and compare this interim LCM condition survey with the required Handback survey outcomes as defined by the Project Agreement at the relevant date.

The LCM condition survey is to assess whether each Facility has been and is being maintained by ProjectCo in accordance with its obligations in respect of maintenance, repair and renewal in accordance with the Project Agreement to ensure that each Facility shall be in a condition which is in accordance with the performance of ProjectCo's obligations having regard to the age, character, location and purpose of each Facility.

In carrying out the survey, the Surveyors shall consider the following in respect of each Facility:

- Its age, character, location and purpose.
- Any Maintenance Works scheduled to be carried out by ProjectCo in accordance with the Planned and Preventative Maintenance Schedule between the date on which the Survey was completed and the end of contract date for each Facility.
- The actual expenditure incurred by ProjectCo in respect of Remedial Works and Maintenance Works for that Facility during the period from the Services Commencement Date to the date on which the Survey was completed.
- The items (including any elements of the buildings, plant or equipment forming part of the Facility) projected as being reasonably necessary (having due regard to the age, character, location and purpose of that Facility) to be maintained, repaired or renewed by the Authority during the five year period after the end of contract date in respect of that Facility.

Also, an assessment of the lifecycle spend expected to exist in the period of the following five years after the end of contract date for the public body to understand the potential financial/budgeting requirements.

It is anticipated the inspection for each of the principal building elements and assessment of the existing condition will be done using RICS condition grades and priority ratings against the required standard to meet the Handback requirements set out in the Project Agreement.

Survey should include a description of the element being surveyed, comments on its general condition, description of any defects found and life expectancies of the main element and components of structure. Fabric elements should be surveyed on a 'room by room' basis, M&E Services to be surveyed on a building basis.

Building at all floor levels: - only [25% - to be agreed as prior to procurement] [*this might vary with individual projects*] of all **building fabric elements require inspection**

- Structure
- All roofs
- External fabric
- Internal fabric
- Drainage elements
- All internal fixtures and fittings (loose and fixed) including toilets, kitchens, dining/cafe, tea prep areas, reception and the like
- Redecorations
- Internal and external car parking
- Sewerage and water supply

Mechanical Services at all floor levels:

- All types of heating and cooling systems
- All types of ventilation systems
- Hot and cold water
- Medical gas infrastructure
- Lifts
- Boilers and associated calorifiers
- Fixed plant
- Fuel storage
- Lifts (passenger and service)
- Swimming Pool Plant

Electrical Services at all floor levels:

- Electrical Services/Systems Mains Distribution: including LV, MV and HW Distribution Systems
- Data transmission
- ICT Infrastructure and ICT systems - (cabling, data points, Ethernet switches, file servers, Internet server and multi-media server)
- Fire and burglar alarm systems
- Fixed plant

- Generator/Emergency Power Supply were applicable
- Building management systems (BMS)
- Access control and CCTV systems
- PA/Voice Systems
- Statutory and non-statutory requirements throughout the building and associated external fabric

Fire:

- Compartmentation
- Fire doors
- Means of escape
- Alarm and detection systems
- Textiles and furniture
- Storage of flammable substances

Health and Safety:

- Electrical services, supply and distribution
- Asbestos
- Control of Legionellae
- Health and safety at work
- Food hygiene
- Disability access
- Control of substances hazardous to health

Condition Grades:

- **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

Priority Rating:

- 5: 8(+) years remedial action
- 4: Years 6 - 7 remedial action
- 3: Years 3 - 5 remedial action
- 2: Years 1 - 2 remedial action
- 1: Years Immediate or Year 1 remedial action

APPENDIX 3 – LESSONS LEARNT FROM SURVEYS TO DATE

1.1 Consolidated Pilot Executive Summary

As narrated in the body of this document, many early PPP contracts are now nearing the time of Handback, which comes with criteria concerning the required condition of the asset.

As part of SFT's business plan, the Operational Contract Management team workplan for financial year 2018-19 included reviews of projects that were approaching the end of contract within the next decade or so with a specific focus on planned preventative maintenance (PPM) works and lifecycle replacement works.

Three operational PPP projects were initially identified for detailed condition survey reviews into lifecycle and PPM compliance.

The three identified projects included a broad representative sample of accommodation facilities across education, acute health, primary and community health buildings.

Also, three separate building surveying practices were appointed on a similar scope of service which was helpful in terms of understanding how each surveying practice approached the surveys and indeed, reported their respective outcomes. The lessons learnt from this approach have subsequently been incorporated into the latest specification and have helped to inform the approach for subsequent surveys in terms of improving the process, benchmarking of fees and survey scope refinements.

Prior to the consultant appointments, SFT developed base methodologies and scopes of service that were project specific to allow each public body to appoint their respective external consultant via their own frameworks.

1.2 Survey Reports

On the basis that all three building surveying practices were appointed on a similar scope of service, the reports issued by the respective consultants were broadly similar in terms of findings and recommendations albeit in some cases, their reports were structured differently.

Generally, all three building surveying practices' reports followed a similar structure with reports setting out the following information: -

1. Executive Summary
 2. Introduction
 3. Background
 4. General Description
 5. Client Supplied Information
 6. Handback Conditions
 7. Survey Methodology
 8. Building Condition Summary
 9. Life Cycle Maintenance Assessment and Analysis
 10. Fire Precautions and Means of Escape
-

11. Summary of Health and Safety Condition
12. Conclusion and Recommendations
13. Appendices including drawings and photographs

Largely, the surveys comprised of an inspection of the various facilities within the sites which were then collated and reported on a site-wide basis, together with comment on site-wide elements i.e. hard landscaping, fabric and M&E etc. The inspections were undertaken over a prescribed period of days as defined within the relevant tenderer's responses with all final reports subject to audit and peer review to ensure that the information presented was robust, subject to the constraints of the survey, including as to sampling, access and limitations on the level of intrusion.

The outputs of the condition surveys were used to demonstrate the order of costs that are expected to be incurred by ProjectCo up to the end of contract, together with those that are expected to exist in the period of the following five years after the end of contract to enable the relevant Authorities to understand the potential financial exposure.

All buildings within the surveys were the subject of a visual non-disruptive inspection and the surveyors reported on their findings utilising condition indicators and priority ratings set out in the scope of service. Protocols were utilised to provide a more accurate assessment of priorities with weightings applied to identify those issues with Health and Safety implications; statutory compliance implications; and those which may have a greater effect on the operation of the premises.

The surveys have identified and prioritised the buildings/structures/assets most at risk and those which are vulnerable to risk (both in terms of condition and life expectancy) including associated costs.

Indicative costs were applied to identify the level of expenditure required to maintain or bring assets up to the acceptable standard i.e. condition B or better. The indicative costs were based on rates published by the Building Cost Information Service of the Royal Institution of Chartered Surveyors and the Chartered Institution of Building Services Engineers, and other recognised pricing mechanisms modified as necessary by the consultants based on their experience of undertaking similar exercises.

The snapshot below with an end of contract date of 2025 summarises the assessment of condition, anticipated asset life, remaining asset life, comments, remedial action and associated cost for replacement.

LCM Replacement M&E Examples



Site Code	Sub Element	Condition	Remaining Life (Yrs)	Year	Life Cycle Period	Comments	Remedial Action	Cost
MH-H14	07.03 Site Lighting	CX	5	2024	15	Fluorescent lamps within PVC under soffit bulkhead luminaires, limited corrosion.	Cyclical replacement	£ 5,000
MH-H14	09.01 Boiler Plant	CX	1	2020	25	U2 x ACV Delta 55kW Combination Boilers. Units remain operational, initial life expectancy was circa 10-15 years. Installed in 1999	Replace	£ 17,000
MH-H14	09.04 Flues	C	5	2024	25	stainless steel conventional flues	Cyclical replacement	£ 8,000
MH-H14	09.05 Controls / Meters	C	1	2020	20	40m3/hour diaphragm gas meter	Cyclical replacement	£ 3,000
MH-H14	11.02 Heat Emitters	C	4	2023	20	Radiators are in good condition for age.	Cyclical replacement	£ 20,000
MH-H14	11.03 Controls	C	4	2023	20	Wall mounted stats with capillary tubes to valve sin ceiling voids	Cyclical replacement	£ 2,000
MH-H14	11.03 Controls	C	4	2023	20	TRVs in non patient areas	Cyclical replacement	£ 2,000
MH-H14	11.04 Heating Pumps	DX	0	2019	15	Variable Temperature Circuit Only, Grundfos UPSD 32-120 / F - Pump is now obsolete	Replace	£ 8,000
MH-H14	12.01 Ventilation Plant	C	4	2023	15	Vent Axia Wall Fans	Cyclical replacement	£ 13,000
MH-H14	12.01 Ventilation Plant	C	4	2023	15	Circa 10 Fans - Vent Axia ACM Plastic Fans, installation dates are unknown	Cyclical replacement	£ 7,000
MH-H14	12.02 Distribution Ductwork	C	4	2023	20	Plastic flexible ducting throughout from grill to fan and then to soffit mounted louvres	Cyclical replacement	£ 6,000
MH-H14	12.04 Controls	C	4	2023	20	Local controls (switch controls)	Cyclical replacement	£ 14,000
MH-H14	14.04 Pumps	DX	0	2019	15	Unit is now obsolete, overhaul kits are available	Replace	£ 3,000
MH-H14	14.04 Pumps	DX	0	2019	15	Grundfos UPS32-120/F B - pump is now obsolete	Replace	£ 3,000
MH-H14	14.07 Insulation	C	4	2023	20	Some minor damage	Cyclical replacement	£ 2,000
MH-H14	17.07 Luminaires	CX	5	2024	15	No obvious signs of corrosion or defect.	Cyclical replacement	£ 53,000
MH-H14	17.08 Emergency Luminaires	CX	3	2022	11	No obvious signs of corrosion or defect.	Cyclical replacement	£ 34,000
MH-H14	18.04 Nurse Call Systems	CX	3	2022	20	No obvious signs of defect.	Cyclical replacement	£ 29,000
MH-H14	18.05 Radio & Television Systems	CX	5	2024	25	No obvious signs of defect.	Cyclical replacement	£ 8,000
MH-H14	19.05 Panic Attack System	CX	5	2024	15	No obvious signs of defect.	Cyclical replacement	£ 5,000
MH-H14	20.01 Building Management System	C	1	2020	15	Head End to be replaced	Cyclical replacement	£ 2,000
MH-H14	20.01 Building Management System	C	5	2024	20	No operational defects reported	Cyclical replacement	£ 8,000
								£ 252,000

Typically, the reports then went on to identify anticipated expenditure levels required over the remaining years of operations up to the contract expiry date to bring the assets within the facilities up to an acceptable standard and/or to maintain them at that standard i.e. condition category B or better.

In addition, the reports identified further potential costs that may be incurred during the post-handback period of a further five years i.e. the first five years post the end of contract date.

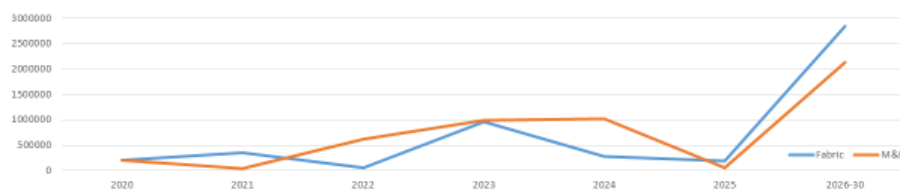
From the snapshot below with an end of contract date of 2025, it is clear from this example that peaks in expenditure are anticipated as being required in 2023/24 and in 2029.

Handback Spend Profile – Expiry 2025

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- Tables 1 and 2 below summarise how this expenditure has been allocated over the total 10 year time frame: -

	2020	2021	2022	2023	2024	2025	2026-30
Fabric	202000	347000	59000	969000	276000	183000	2846000
M&E	212000	49000	623000	986000	1022000	57000	2141000



- From this snapshot, it is clear that peaks in expenditure are anticipated as being required 2023/24 and in particular in 2029 just before the end of the further five years period.

The reports have enabled all participating Authorities to have a detailed understanding of the level of investment that is needed to provide a safe working environment in well maintained buildings that are fit for purpose, this should provide a basis for ongoing discussion with ProjectCo in terms of its anticipated spend profiles for the remaining life of the contract. The reports also highlighted all actions necessary to address the failings identified with indicative costs provided to give Authorities an indication of the expenditure levels required over the remaining years in order that the Facility is handed over in a condition compliant with the Handover requirement.

1.1 Overall Summary of Surveys and Main Themes and Findings

The range of building types and complexity varied across the pilots. Each building surveyors' report identified a range of different risks and focus on condition. The reports issued by the respective consultants were broadly similar in terms of findings and recommendations albeit, it was clear that some buildings and systems were better maintained than others.

The differences in condition across the pilots are likely down to variance in approach/level of service/lifecycle maintenance delivered by the relevant ProjectCos and their facilities management providers and indeed, variances in scrutiny, audit and operational contract management deployed by the relevant public bodies.

Based on visual and in some areas, semi-intrusive surveys undertaken by all three consultants, the overall consensus was:

-
- (i) that most of the estate was in a condition commensurate with their relative age;
 - (ii) all Facilities subject to an appropriate maintenance regime; and
 - (iii) that generally ProjectCos, through their FM Service providers, are maintaining and undertaking cyclical Life Cycle Replacement Maintenance in line with overall expectations which is very positive in the first instance.

However, there are several consistent themes and risks that have come out of the surveys which will need to be assessed, validated, prioritised and then actioned by the relevant public bodies including:

- Obsolescence or exceeded life expectancy of equipment and systems e.g. CCTV, security systems and fixed electrical systems, distribution boards and boiler equipment.
- Impact of changes in legislation e.g. lack of RCD/RCCB circuit breakers across some buildings where electrical regulations have changed.
- Exterior fabric, roof and rainwater goods and maintenance poor in some areas with moss and substantive growth on roofs and in gutters including evidence of water ingress in some areas.
- Fire door condition in some cases poor e.g. large gaps noted between door leaves and no intumescent strips or smoke seals to designated fire doors.
- Air handling units and equipment including extract fans nearing the end of their life expectancy and in some cases non-compliant with regulations.
- Gaps and poor quality of information at Project Co/FM Service Provider level - incomplete planned preventative and lifecycle replacement information and records e.g. review of PPM paperwork at odds with the survey outcomes identified by consultants.
- Areas that have been either extended and/or refurbished or subject to "Change/Variations" not complying with current regulations e.g. ventilation or fire stopping; and
- Substantive amounts of M&E equipment and building elements have been identified requiring replacement around years 19/20 which raises a concern as to how this will be managed by the public bodies to avoid "over-sweating" of the assets by ProjectCo and to ensure compliance with the handback requirements.

As this paper suggests, Authorities need to outline clear criteria for the assessment of the Facility on transfer given the potential for ProjectCos to sweat the asset (assuming they can maintain performance and not incur deductions) prior to Handback. This is important as it limits the likelihood of Authorities having to spend public money on a previously privately operated asset post transfer.

Extending the life of any key building element or component beyond the anticipated design life may have a significant and detrimental impact, both monetarily and operationally for the relevant Authority.

1.2 Actions and next steps: -

The data from the surveys allow the relevant Authorities, with support from SFT (where appropriate), to minimise their risk of facilities being handed back to Authorities with large liabilities in terms of replacement works which should have been carried out during the contract term.

The surveys have identified and prioritised the buildings/structures/assets most at risk and those which are vulnerable to risk (both in terms of condition and life expectancy) including associated costs.

This means that the Authority can now prioritise and implement systems and processes to manage risks whereby each defined element of their buildings (as per the relevant scope of work) has been allocated a condition and priority rating including the nature and urgency of any works required. These ratings/priorities set out in the individual reports are based on the type of work required and with indicative timescales that will allow the relevant Authorities to communicate confidently with their relevant ProjectCo of those buildings/structures/assets identified being most at risk to make them aware of their responsibilities where relevant and to plan works appropriately in order to minimise disruption to the Authority's ongoing daily activities.

This early engagement may also identify what assistance and specialist advice may be available to support ProjectCos as in some cases, there may be major repairs, works and/or lifecycle replacement to prevent further deterioration of the estate.

Given the level of information generated by the surveys and recognising the importance of holding Project Cos to account in respect to complying with their contractual requirements, there are several actions required by the relevant Authorities to ensure maximum benefit is gleaned from the data provided. These actions must include any lesson learnt and the opportunity to share outcomes across the wider public sector.

1.3 Recommended Actions arising from initial surveys: -

- 1.3.1 Initial meeting with the FM Contractor and ProjectCo's manager to progress a Q/A session on initial observations of the Survey, to ensure capture of any further asset history that may be of relevance and consider other potential further specialist or more disruptive investigations that may be required;
 - 1.3.2 Develop a strategy/action plan and prioritise the required outcomes for dealing with any finding, risks and recommendations made so far.
 - 1.3.3 Understand the contractual requirement i.e. the relevant contractual performance clauses that may apply to any defect found with respect to the original building or facilities management contract requirements.
 - 1.3.4 Set and agree the strategy for engaging in an inclusive and transparent manner with ProjectCo's manager and the FM service provider to work through the findings and agree a way forward.
 - 1.3.5 The relevant Authorities should consider the implications of expected to be incurred costs by ProjectCo up to end of contract and those that are expected to exist in the period of the following five years after the end of contract for the Authority to understand the potential financial exposure and budget accordingly.
-

- 1.3.6 Implement a process of validation and review to monitor and track progress generated from the initial surveys, findings, recommendations and track against any agreed action plans/timescales; and
- 1.3.7 Identify and implement any ongoing guidance and training requirements given the outcomes and with specific reference to the key risk and areas of concern. This should include lessons learnt and the opportunity to share outcomes across the wider public sector.