

Foreword

These Guidelines have been developed by the RICS and the Office of the Deputy Prime Minister (ODPM).

The drafting work has been guided by a Group, with membership drawn from a wide range of parties including:

ACES
Audit Commission
CIPFA
COPROP
DfES
Federation of Property Societies
Government Office of the South West
IPF
Local Government Association
ODPM
RICS

The help and support of the members of the Group has been important in helping to ensure the key issues were identified, drawing on those members' extensive practical experience at all levels in local government. The Group has also critically scrutinised drafts and contributed ideas and examples of current best practice.

The major part of the work however has largely been undertaken by three experts in the field:

David Bentley – IPF
Keith Jones – Performer Consulting Ltd
Nigel Mason – York Consulting Ltd

These three people are well known and highly respected in local government for their knowledge and understanding of and involvement in asset management. We are hugely indebted to them for the time and commitment they have dedicated to this work.

May I express my personal thanks to Neil Johnson, RICS Senior Parliamentary and Policy Officer, for his efficient and effective support to the group and assistance in seeing documents through to their publication.

These Guidelines are especially intended for those working in local government in particular, but much of what is said in this publication will be equally applicable in other sectors. It is intended that the RICS will maintain its support to asset management.

The RICS therefore invites comments, suggestions and contributions for future editions – and we look forward accordingly to hearing from you.

Robert Lee BSc FRICS
Chairman RICS Local Government Policy Panel

Introduction

The Guidelines are published in two parts:

- a summary paper available in printed format and on the RICS website intended to provide a general introduction to the Guidelines and to emphasise the role of asset management in both local government and the public sector as a whole. It will be published in Spring 2005
- these Guidelines available from the RICS website. These detailed guidelines provide support especially for those most directly involved in asset management and for others wishing to research particular issues that may be of special interest or concern.

Purpose of these Guidelines

These Guidelines, commissioned by the Office of the Deputy Prime Minister (ODPM), aim to assist and support the continued development of asset management in local government. They supplement previous guidance produced particularly by the ODPM and the Department for Education and Skills (DfES).

Whereas previous guidance focused on encouraging the development of the necessary processes for asset management within local government, these Guidelines now seek to foster a greater emphasis on achievements, in terms of outputs (eg improved property assets) and outcomes (eg better achievement of corporate objectives and more efficient and effective services to the public resulting from improved property assets).

Property assets are essential to local authorities' functions and their best use and management are crucial in the delivery of efficient and effective services. Investment in local authority non-housing assets totalled £78 billion in 1999.

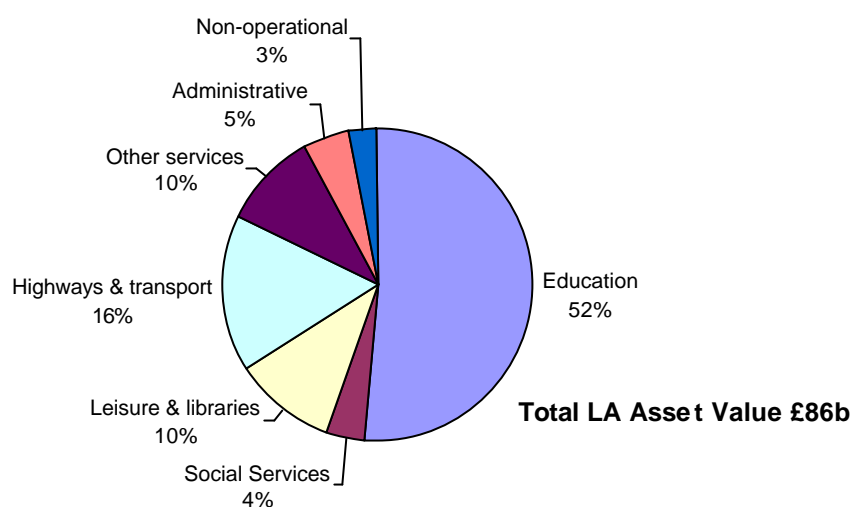
Asset management is a structured process that seeks to ensure best value for money from property assets in serving local authorities strategic needs. Property assets have three features that place primacy on their proper management:

- they are expensive – in terms of both their capital value and annual costs of upkeep;
- they need to be carefully managed over their lives to ensure best value – eg use, maintenance and generation of income; and
- it takes time to determine carefully new property needs and to procure and provide them.

This is compounded by the fact that local authorities' corporate and service needs are changing increasingly rapidly as demands for services change and as expectations of performance increase.

Diagram No 1.1: Local Authority Property Holdings

Source: CIPFA LA Assets Statistics 2003



Asset management and its planning needs to involve the whole local authority organisation: it is not just something for property managers. The Guidelines therefore are aimed at the range of elected members, officers and others who need to be involved in asset management and its planning at various stages, whether with particular interest in the areas of:

- corporate;
- service;
- partnership; or
- property.

There are huge variations between authorities in terms of the amount of property they hold and the complexity or simplicity of issues involved in the management of their estates. These guidance notes will be particularly relevant to those authorities with significant estates and property issues. But, large or small, simple or complex, the advice offered in these Guidelines will be relevant. Each authority however may need to adopt the recommendations in the most appropriate way as best suits their needs and circumstances.

There are also variations in local authority management styles – some more centralised, others more devolved. The Guidelines set out what local authorities should be seeking to achieve and suggest how that may be best done in practice. Local authorities however may need to adapt the recommendations as to how things should be done – or perhaps, rather more, who should do them – as best meets their particular management contexts.

Objectives of Property Asset Management

Through good asset management, local authorities will wish to target the following outcomes:

- Customer and Stakeholder Satisfaction - enhanced customer satisfaction from improved performance and control of service delivery to the required standards along with improved corporate image. This is relevant in both how the public view local authorities and value and rank their services and purposes, as well as in staff morale and performance;
- Affordability - clear processes for assessing prudence, affordability and sustainability including the effective use of capital for new projects, capital release and redeployment and efficient and effective running costs.
- Compliance with Statutory / Regulatory Codes – health and safety, asbestos, legionella, accommodation minimum standards;
- Improved Corporate Management - for CPA and other purposes, the

ability to demonstrate clear linking between corporate and service goals and objectives on the one hand and the management of assets crucial to their delivery on the other; and

- Environment - sustainability, CO2 emissions, green energy, etc.

In the "Guidelines in Detail", the relevance of the guidance to these objectives is highlighted in each section of the full guidelines to assist in their use to support improvements local authorities may wish to target.

Why is Asset Management Important?

Taking a national perspective, key drivers for continuous improvement in property asset management in local government include:

Best Value

The Best Value framework requires local authorities to maintain a rolling programme of fundamental reviews of their functions, to encourage and support continuous improvement and the pursuit of ever better value for money. Property assets should be intrinsically part of such reviews, along with all other resources – personnel, finance, ICT – and not dealt with later as an after thought.

Customer Service Interface

The Government has introduced a number of initiatives aimed at encouraging the modernisation and improvement local authorities' customer focus: for example:

- Strong Local Leadership – Quality Public Services;
- Local Public Service Agreements;
- Strategic Service Delivery Partnerships; and
- Capacity Building.

Each of these initiatives has implications for property assets and which need to be incorporated in local authorities' responses.

Budget Pressures

Local government services have to be provided within a constrained financial regime: there are wide competing demands on public expenditure, apart from the funding requirements of local government. Secondly, there are pressures to minimise council tax increases. This places demands for taking a strategic view in prioritising service ambitions and upon finding new and better ways in which to deliver local authority services. For example, potentially unwise short term cost minimisation (eg reduction of property asset maintenance budgets) that may otherwise appear attractive need to be balanced by concern for long term strategic responsibilities (eg risk of increase in backlog maintenance and overall depreciation of property assets).

Gershon Review

This was commissioned to consider scope for efficiency savings across all public expenditure and to consider proposals to deliver efficiencies and more general changes which could be made to the framework within which the public sector operates to improve efficiencies. Efficiency savings targets of 2.5% in local government are proposed. The Review draws attention to a number of strands of which two have significant implications for local authority property assets and how they are managed:

- the potential for savings in "back Office" activities and which provide support to the delivery of frontline services; and

- scope for savings through better procurement.

Prudential Code

The Government introduced a new system for the management of capital finance in local government in 2004/05. This requires local authorities to ensure their financial strategies provide for capital and revenue expenditure which is prudent, affordable and sustainable. In doing so, local authorities are required to have regard to the proper stewardship of their assets and for which asset management planning provides a structured approach.

Comprehensive Performance Assessment (CPA)

The CPA process, undertaken by the Audit Commission, involves regular review of how well local authorities are delivering their services and how well councils are run. The first round of CPA inspections commenced in 2002/3 and 2005/06 will see the initiative rolled forward into a second round. How well the management of property assets are linked into corporate and service strategic management and how well asset management is supported by appropriate systems, processes and practices is likely to be of increasing importance in CPA assessments in the future.

Whole of Government Accounts and Depreciation Based Support

The Government is working towards producing Whole of Government Accounts (WGA) to assist in ensuring that best practice accounting methods are used to construct accounts covering the public sector as a whole and that fiscal reporting is as transparent as possible.

WGA are proposed to include local government, will comprise commercial-style accounts and will require convergence of accounting guidance covering public sector bodies. One particular area of change, and of potentially considerable significance for property assets, is that of depreciation. Local authority revenue accounts currently include a financial measure of asset depreciation but that is balanced out, by a contra entry, prior to determining total budget needs. Proposals are being developed that would entail there being no contra entry, such that local authorities total budget needs would include for depreciation, as in the case of private sector annual accounts. Government funding would then reflect budget needs, inclusive of depreciation, but possibly on the basis of a standard set of assumptions: this would reward authorities with an asset management strategy that positively managed depreciation.

Local authorities should be getting ready now to ensure that the implications of real measures of asset depreciation in their accounts do not disadvantage them as at the time local government is brought within WGA.

At a more local level, local authorities will have a set of corporate objectives, set out in their corporate plans: for example an authority may have key objectives in the areas of:

- community health and safety;
- education for all ages;
- economic prosperity;
- arts and culture; and
- travel and communications.

Underlying such goals will be strategic plans, setting out priorities and action plans. All parts of local authority organisations will contribute to the achievement of those goals and reflect them in their plans and activities and which must flow through to clarity about the impacts on asset management, as much as on all other resources such as personnel, finance and ICT.

There will equally be key issues at service levels and which will have significant property asset implications. For example:

- asset management implications of integrated children's services eg planning property usage jointly between schools and other education uses, social

care and health service providers – and making links to urban regeneration programmes and policies;

- local education partnerships – rationalising the secondary school stock to meet future needs as part of the Buildings Schools for the Future agenda and effective use of public private partnerships as part of future property management (including PFI, Local Education Partnerships and land swap arrangements);
- planning provision of primary schools in areas of changing rolls;
- integration of leisure provision between school uses and wider public uses;
- impact of transfer of assets to school governing bodies as proposed in the DfES: “Five Year Strategy for Children and Young People”;
- forward planning and asset management of sport and recreation facilities, particularly in light of ageing buildings and serious investment “time bomb”;
- fit for purposes state of public library buildings, especially with regard to modernising and joining up services;
- meeting the challenges of affordability in the proper management of listed and historic buildings; and
- asset management implications of authorities’ public access strategies and e-government.

Without ensuring property assets are considered in responses to these national, corporate and service issues, there will be risks that:

- the responses may not be fully effective and efficient;
- there may be delays and increased costs subsequently in addressing asset implications; or
- there may even be serious failure to achieve targeted goals and objectives.

1 - Corporate Vision and Strategy and its Property Implications

Introduction

To ensure best practice, it is essential to understand and act upon the property implications of the council's goals and objectives, and to understand the relationship of property with the other key resources.

Perhaps more so than other resources, property has a very significant drawback – it is relatively illiquid. It cannot change quickly and lead-in times are long. Therefore effective asset planning is essential in bringing agility to property so that it delivers council goals and objectives in a sustainable manner, at the right time and on budget. Due regard must also be had to statutory duties in property asset management.

Asset planning will involve all of the Council. It will involve the corporate centre, services, partners and other stakeholders. It requires an inclusive process. The effective management of assets is a crucial corporate activity if a local authority is to achieve its corporate and service aims and objectives and deliver its services with maximum effectiveness into the future.

In all local authorities, property is a key resource in common with the other headline key resources:

- Finance
- Human Resources
- Information Technology
- Knowledge

These resources can be deployed by authorities with considerable discretion and the need to manage them skilfully is paramount to achieving best value for money. They are all inter-related and property has close relationships with each of the other resources.

This section of the guidance focuses on how overall council and service aims and objectives can be translated into an asset aims and objectives and then into an asset plan. It then describes how the asset plan should be built into an annual business process for assets coordinated with capital and revenue planning.

It should also be recognised that the long lead in times for property change mean that the asset planning process is often iterative, gradually moving toward a changing analysis of future requirements. However this fluidity should not be a justification for not doing it at all! With a strategy in place at any point in time, opportunities can be grasped quickly without raising major issues of principle. The principles will have already been assessed.

Finally whilst Comprehensive Performance Assessment should not be the *raison d'être*, adopting a sound approach to relating the Council's aims and objectives to property action will undoubtedly be seen good practice in relation to the management of capital and property resources.

Corporate and Property Goals and Objectives and the Democratic and Corporate Processes

What needs to be achieved

In making the key links between the Council's Goals and Objectives and the consequent accommodation scenarios, the following key steps are important:

Understanding the Council's business and its potential overall accommodation implications

Identifying other property changes that require a corporate response

Developing this information into a property strategy as the context for the asset planning process

Engaging key members and senior officers

Doing it in Practice

The process of understanding and delivering the right property responses to corporate and service goals and objectives can often seem a daunting challenge.

Authorities can adopt different approaches to doing this. In some authorities the process is inherent in the way things are done and the need to formalise it further may not be necessary. In others, however, a more formal approach might be appropriate. The typical stages that an authority might go through are:

Understanding the Council's Business

Clarifying the Council's Goals and Objectives and understanding their implications.

The Council's Goals and Objectives may seem remote from property and asset matters but this is the place to start.

Assets and property will have an important role to play in developing the Council's key service aspirations (for example, regeneration and economic development, lifelong learning, community safety and security, inclusion and access) and these aspirations must be understood, together with their broad asset and property implications.

Similarly, the Council may have clearly articulated the detail of its strategy on customer interfaces (phone, face to face, internet/digital etc) or this may be only slowly emerging. However these future customer interfaces will have asset implications. Time needs to be spent extrapolating the Council's customer interface strategy and its possible asset implications.

The Council's financial position in the forthcoming years will have a bearing on new asset creation, on the maintenance of the existing asset base and on asset disposal. This financial context also needs to be clearly understood.

Understanding the changes likely to occur in services in the future.

At the heart of the Council's activity is front line service delivery. Service managers may find it very difficult to predict the future direction of the service in say 5 or 10 years time. This information is crucial to allowing "agile property" and uncovering it may not be as difficult as it first appears. Service managers need to spend time developing realistic scenarios of future service change by, for example, using scenario planning and futures techniques. These will, individually and when taken together, guide asset and property strategy development.

As part of this longer term service planning exercise, the impact of developing partnership working needs to be assessed together with the asset implications that may result between the partners.

The way in which service delivery will be sourced (in-house, partnering, outsourced) in the future needs to be assessed, as this too will affect asset requirements.

Finally, possible changes in working practice and work style as well as the numbers of staff employed by the Council will need to be assessed. It is evident that this will have a very strong relationship with office accommodation in terms of quantum and location.

Developing a common understanding of property issues in the future

In the same way that the implications of the Council's goals and objectives in relation to assets should be understood, so too should the constraints of assets, on its goals and objectives. By this we mean that the Council, corporately, should have an overall grasp of property issues. This can be done through awareness programmes and through the process of corporate working.

Assessing the Impact of external changes

Whilst these may not be in the direct control of the authority (e.g. local government re-organisation, the impact of the possible designation or possible winding up of an urban development company) an assessment of the possible external changes that will occur together with their impact will need to be made, or at least noted and built into the thinking behind any asset strategy.

Identifying Other Property Changes that Require a Corporate Response

There are a number of other areas which involve property that are corporate issues and that require a corporate response and corporate resourcing. For example:

- Access and Disability Discrimination Act (DDA) issues;
- Environmental and sustainability issues;
- Health and Safety issues such as working conditions, fire risks and means of escape, asbestos and electrical testing;
- Maintenance standards

The Council should give appropriate priority in programming these issues and should pursue common policies across the Council with appropriate funding.

Beginning the Asset Planning Process

Having established the impact of the Council's goals and objectives on future asset and property requirements and having clarified the property changes that require a corporate response, the initial steps of asset planning can begin.

Mapping possible property scenarios

The status quo is unlikely to be a sustainable position as far as assets are concerned. Most authorities already have, or are faced with the prospect of, an asset portfolio that is not meeting current needs in terms of sufficiency, suitability and condition. In addition, the combination of changes in customer interface; front-line service delivery; partnership working and sourcing; and in working practice may give rise to significant changes in requirements in the future. When taken together these changes often start a process of rethinking and rationalising asset provision. It should be possible to map some alternative property scenarios for the authority over the next five years and possibly further forward. These scenarios alert the Council to the issues that will confront it in forthcoming years and as a basis for considering risks associated with each scenario.

Understanding the relationship of property change with change in the other key headline resources

In considering and discussing the likely scenarios, the "high level" revenue and capital impact of asset changes will obviously need to be considered and compared with the likely benefits to the Council. They will also need to be considered in terms of the other key resources, predominantly, human resources and ICT.

Assessing risk in major change projects which have corporate dimensions

Whilst a full risk assessment would be inappropriate at this strategy development stage, some assessment of corporate risk is also required as the scenarios begin to take shape. This will bring realism to the process.

Engaging Key Members and Officers and Developing the Strategy Basis for Asset planning

Once the scenarios have been identified and broadly evaluated at middle management level they should be discussed with senior members and senior officers to brief them and to allow them to give guidance on the likely way(s) forward. It is most important to gain this senior "buy-in" and to sustain it over time. This stage may be best achieved in the more informal atmosphere of an away-day or a workshop, rather than moving straight to Cabinet or Chief Officers Board. Such discussions should subsequently be formalised with the production of a "scoping" document, to provide a sound basis for the preparation of the asset plan.

Integrated Resources and Service Management Framework

What needs to be achieved

The guidelines on "Corporate Vision and Strategy and its Property Implications" have highlighted the need to make an assessment of the future direction of the Council's business. This part of the guidance focuses on translating this into an asset plan. The suggested process covers:

- **Understanding the existing asset base**
- **Developing service asset strategies**

- **Assessing the resource implications of the asset strategy**
- **Preparing the corporate asset plan**

Authorities may wish to adopt different approaches to this, but the likely stages are:

Understanding the Existing Asset Base

Data management is covered in another part of the guidance but some comments on the need for this data are appropriate here. The importance of good property data for effective asset planning has been a subject of comment for many years. It remains critically important if effective asset management is to be practiced.

It must be stressed that the information that is required is high level information and not detailed information although it is recognized that this high level information is often an aggregation of much more detailed information.

Examples of the information that is often needed for the occupational portfolio are given in the section of these guidelines entitled Data Management: A less extensive but equivalent version could be prepared for landholdings. Information on the investment portfolio will probably be more readily available through the Council's "landlord" estate management data systems.

The information can be presented on a spreadsheet that will be sufficient for most purposes, but other more sophisticated software may give greater analytical capability.

Developing Service Asset Strategies

Having understood corporate direction and service directions over the forthcoming years, the next key element is to predict the asset implications of these directions. We suggest that the process of preparing Service Asset Strategies is:

- facilitated by the Corporate Property Officer (or a senior asset manager);
- focused on seminars with senior managers in each of the services; and
- initially is kept as "high level" as possible emphasising the need for a quick overall understanding of the situation.

The categories of information that might be sought are::

- where each service is going and where it thinks it might be in say 2, 5 and 10 years time;
- particular changes in service delivery which will affect accommodation;
- possible changes in headcount/FTEs;
- the impact of partnership working on the service;
- the impact of any outsourcing on the service;
- some views on the possible impacts of LGR on the service;
- the way in which the service will be influenced by wider corporate initiatives;
- current problems with the existing portfolio in meeting current needs;
- changes required in the portfolio for the future; and
- steps necessary to manage risks and support business continuity plans.

This needs to be done for service property and for corporate property (e.g. headquarters offices).

An assessment exercise will need to be undertaken for any investment property and this can normally be done by the property department working with the finance department.

Assessing the Resource Implications of the Asset Strategy

By this stage a clearer picture of the asset implications of the Council's future direction will be emerging. The front-line service, corporate and investment asset positions can now begin to be synthesised into an overall asset strategy and now is the time to temper this with consideration of the implications for other resources.

In some cases these other resources will need to be mobilised at the same time as assets and in some cases they may constrain options, for example:

- Is it likely that the capital and revenue funding will be available?
- Will ICT be able to deliver the changes technically and in turn what are the financial implications?
- What are the HR implications of the changes and are they achievable?

Again it must be stressed that this is a high level assessment and much can be achieved by a series of short discussions with other strategic resource managers or a workshop where all are present. It may need a "first and second cut" approach as the resource constraints gradually moderate the options available because of practicality and/or affordability issues.

Preparing the Corporate Asset Plan

The Corporate Asset Plan has a number of roles.

- making it real
- placing assets in a wider corporate context
- heightening awareness of key issues
- getting buy-in
- member debate
- making a public statement that can be discussed with wider stakeholders.

Authorities will wish to produce an asset strategy document that meets its needs and which fits in with the Council's overall business and budget planning processes.

The precise content of the Corporate Asset Plan will obviously be a matter for individual Councils to decide upon but the overall content might be as set out in the CLAW [Consortium of Local Authorities in Wales] publication "Supplementary Guidance to Asset Management Planning in Wales" – March 2003.

The chapter headings, stated there, are:

- Introduction and Context
- Corporate Asset Policy
- Changes in the External Environment and their Implications for Property
- Service Delivery and Accommodation needs
- Likely Future requirements
- The Existing Portfolio and its Current Performance
- Review and Challenge

- Options Appraisal
- Asset Management Programme
- Appendices (containing detail as necessary)

Good Practice Example

A local authority held two member and senior officer away-days on future directions for the Council's asset base. The context for these seminars was the Council's corporate plan and public access strategies. The seminars explored the possible implications for accommodation of different corporate and service scenarios including more intensive use, co-location, different work styles, and customer relationships. An overall assessment of the existing asset base was made and the extent of change needed was explored.

Each main service was asked to review their service strategies and suggest their future asset scenarios to deliver them. The Director of Finance and the Chief Property Officer assessed the investment portfolio and developed future options. The Chief Property Officer also examined corporate office accommodation alternatives.

These were reported back to Chief Officer Management Team and guidance was given on the limited number of options that were to be considered further, together with a "status quo benchmark option".

These were evaluated and formed the basis of the Council's asset plan that was considered by cabinet and subsequently approved by the Council.

An abbreviated form of this process has been adopted as an annual review process of the asset plan combined with performance reporting.

Key actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers should:

- Engage early in the assessment of potential corporate and service delivery issues and their asset implications
- Give guidance on the preferred scenarios and the achievable and the non-achievable
- Increase their overall awareness of the role of assets in delivering Council aims and objectives
- Consider alternatives and agree the preferred strategy for assets

Service – Service Managers should:

- Develop a clear picture of where their service is going in the future and the consequent asset implications
- Place their service requirements into the corporate context

Assets – Asset Managers and Property Managers should:

- Facilitate and champion the entire process (Corporate Property Officer)
- Develop high-level asset data
- Understand the Council's aims and objectives and the asset implications of them, for services, corporate accommodation and investment property
- Assess the way in which these asset implications can be brought together into a coherent strategy
- Assess the way in which all key resources will interact in delivering this coherent strategy

- Produce an asset plan

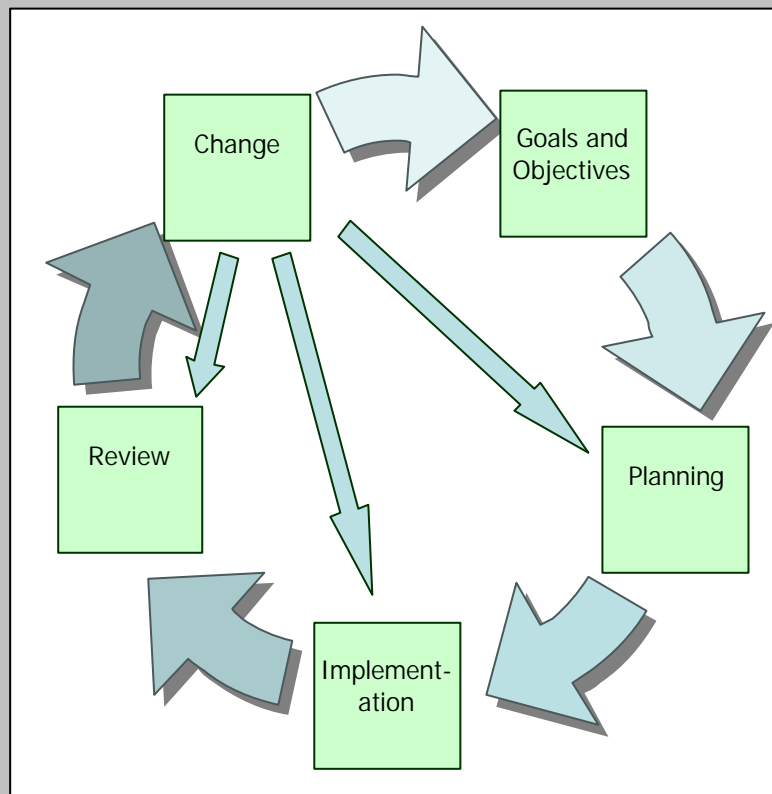
Business Process for Assets

What needs to be achieved

The Principles of Business Process

The purpose of business process is to enable an organisation to keep its activities under review in order to achieve its goals and objectives at the highest level of performance feasible. It is an iterative process that should ensure continuous improvement. At its most simple, the business process consists of five cyclical elements:

- Goals and Objectives
- Planning
- Implementation
- Review
- Change



In theory this should be continuous, but as organisations get larger then the process becomes more complex (involving many sub-processes) and takes longer. In almost all organisations, the majority of the process is normally repeated every year, with specific ad hoc and planned reviews during the year and with some elements being repeated less often.

This formal or informal process is to be found in all local authorities, at Council wide level, at departmental level, at service level, at team level and at individual level. Each level of business process is related to the level above it and below it and by linking these business processes, large and complex organisations such as local authorities give meaning to the relationship between the overall goals and objectives of the organisation, and the relatively detailed implementation of all of its services.

It is perhaps not difficult to see these relationships between Council wide goals and objectives and each of the Council's main services. It is perhaps a little more difficult to see them between Council wide goals and objectives and assets.

Doing it in Practice

Local authorities should seek to have a clear business process for their assets. It may comprise all or many of the following elements:

- ***Goals and Objectives***
 - Translating the Council's corporate and service aims and objectives into asset aims and objectives – making sense of the Council's vision for the future in terms of delivering assets fit for purpose, on time and within cost constraints to support these corporate and service aims and objectives
 - Engaging stakeholders
- **Planning**
 - Engaging stakeholders
 - Service Asset Plans
 - The Corporate Asset Plan
 - Property Reviews
 - Options appraisal and programme evaluation
 - Procurement/sourcing and supply chain strategy
 - Property guidelines and procedures
 - Capital planning and programmes
 - Maintenance, energy and other facilities management programmes
 - Performance management framework and KPIs
 - Definition of property decision making and property function roles and responsibilities
 - Data systems, data collection and data analysis
- **Implementation**
 - Acquisitions
 - New build
 - Fit out
 - Adaptation
 - Maintenance
 - Facilities
 - Capital receipts
 - Development
 - Investment management
 - Estates management
 - Programme and project management
- **Review**
 - Outcome review

- User/customer satisfaction
- Financial performance
- Physical, social and economic impact (e.g. urban regeneration, condition, suitability, sufficiency, asbestos removal, access, sustainability)
- Anticipating future needs
- Process review
- Asset aims and objectives and strategy development
- Planning processes
- Implementation processes
- Performance management
- Change management

- **Change Programmes**

- Strategy
- Service and corporate culture change
- Customer relationship management
- Capacity development
- Data and knowledge
- Human resource change
- Process change

(Note: It should be noted that the implementation element absorbs the vast majority of human resources working in the assets and property arena).

Good Practice Example

A major property owning local authority has developed a complete business process for assets which comprises the following inter-linked elements:

- Corporate property direction
- Property planning
- Property documents
- Property data
- Property processes and property guidance
- Property action programmes
- Property services supply chain
- Property performance management regime
- Change to context.

The five elements of business planning are comprehensively addressed as follows:

- **Goals and Objectives**
 - Corporate property direction
 - Property documents
- **Planning**
 - Property planning
 - Property documents
 - Property data
 - Property processes and property guidance
- **Implementation**
 - Property data
 - Property processes and property guidance
 - Property action programmes
 - Property services supply chain
- **Review**
 - Property documents
 - Property data
 - Property processes and property guidance
 - Property performance management regime
 - Change to context
- **Change**
 - Property documents
 - Property performance management regime
 - Change to context.

Key actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers should:

- Consider and agree a suitable asset process
- Ensure that the process is followed with regular reporting
- Require action to be taken as appropriate

Service – Service Managers should:

- Understand the process and their role in it
- Engage with the asset manager to develop and finalise the process
- Contribute to the process as appropriate

Assets – Asset Managers and Property Managers should:

- Recommend an appropriate process
- Ensure that the process is followed
- Co-ordinate appropriate action
- Contribute to the process as appropriate

Capital and revenue Planning and Accounting For Assets

What needs to be achieved?

It would be foolish to suggest that capital and revenue expenditure of local authorities is dominated by land and buildings. However land and buildings do form a significant part of a local authority's revenue expenditure and a substantial part of a local authority's capital expenditure. As such, aspects of capital and revenue planning and accounting for assets are important to effective asset management. Assets need to be fully integrated into capital and revenue planning.

Three main issues are considered in the paragraphs that follow:

- **Capital Planning**
- **Revenue Planning**
- **Charging Mechanisms**

Capital Planning

The Capital Strategy

Some Authorities wish to see their capital strategy as a separate document to their asset strategy. This is usually because their capital strategy covers a wider range of capital items than is the subject of their asset strategy, e.g. ICT, vehicles and plant, highways, housing land and buildings. Others combine their capital strategy with their asset strategy especially where their asset strategy covers a wider range of assets than just non-housing land and building assets.

Whichever approach is adopted it is important that:

- a capital strategy is formulated;
- it is closely linked with the asset strategy; and
- the purpose of a capital strategy is to explain how capital currently deployed, and "new" capital available to a local authority, will be used in the future in furtherance of

the Council's aims and objectives.

The capital plan should give early warning of step changes in capital expenditure on, for example, new accommodation (e.g. building schools for the future or office accommodation), maintenance expenditure which has been previously deferred, office rationalisations or new requirements (e.g. DDA).

Capital Receipts and Incentives to Release Capital

Special mention should be made of capital receipts. In the past capital receipts have frequently been generated by the disposal of surplus and development land or the disposal of commercial investment property and farms estates. As this "supply" of recycled capital gradually comes to an end, Councils will need to look more closely at the occupational estate and possibly other parts of the investment estate for additional capital receipts. In the case of the investment estate the revenue implications of realising capital will need to be weighed up carefully. In the case of the occupational estate the revenue saving to services (e.g. property running costs, operational cost savings and financing savings) may not be a sufficient incentive to review property occupancy and to release under-utilised accommodation. Some form of capital incentive may be required to facilitate this capital release e.g. ring-fencing part of the receipt for re-use by the service that released it.

Revenue Planning

The existing asset base will be "built-in" to the Council's current budget and on-going costs are likely to be well understood. However, any step changes in the pattern of revenue expenditure on assets will need to be properly planned. Advance planning gives a much greater chance of this type of expenditure being included at the appropriate time. These changes will not just be related to property as they will clearly also include ongoing operating costs.

In planning the revenue budget all of these costs need to be taken into account and particularly those related to new capital expenditure on buildings (and major revenue expenditure if it is being used for major building works). In a number of notable cases the full revenue effects of capital expenditure has not been properly assessed at the outset, resulting in very significant strains on the revenue budget subsequently. Appraisal of capital and major revenue projects should always quantify and evaluate the full implications on future revenue expenditure. The importance of whole-life-costing is dealt with later in these Guidelines.

Charging

Whilst charging for land and property assets will not necessarily fundamentally change, the outcomes of the way land and property assets are used, it does make a significant cultural statement and will also regularise the anomaly that all other assets tend to attract a charge whilst property may not. The true cost of running a service or of taking a corporate initiative should include property costs. At the same time as making a charge for land and property assets it is sometimes beneficial to introduce internal accommodation agreements to clarify roles and responsibilities for property management matters.

Authorities should consider whether asset charging would improve the overall management of their assets.

A word of caution needs to be mentioned here. Any asset charging system should be as simple as possible, as experience shows that the time taken to introduce a sophisticated internal market for assets will be wasted and will not achieve the desired objective. Keep the system very simple and build it over time.

Many local authorities already charge for asset and property services.

Key actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers should:

- Approve capital and revenue plans making sure that the two are linked
- Consider capital and asset strategies as interlinked issues
- Be sure that in any decision making processes, the revenue implications of capital expenditure are taken into account
- Review the charging for land and property assets and property services

Service – Service Managers should:

- Give advance warning of capital and revenue expenditure requirements
- Make sure that all revenue implications are fully taken into account in individual capital and major revenue projects

Assets – Asset Managers and Property Managers should:

- Support capital and revenue planning and ensure that land and property asset issues are taken into account
- Create a framework for land and property capital and major revenue projects which assesses capital and revenue requirements and availability in the future
- Ensure that the capital and asset strategies are inter-linked

Impact on Outcomes

Customer and Stakeholder Satisfaction:

- The Improved engagement of all internal stakeholders in a more inclusive and transparent process will improve satisfaction. There will be direct involvement in the process for a wide range of stakeholders
- This stage is the basis for a much greater likelihood that property and asset requirements will be met in the future
- This process is the basis of ensuring that current and future corporate and service needs are regularly considered
- Charging will relate benefits to costs in the minds of users and customers

Affordability:

- This process is the basis of ensuring that affordability is regularly considered
- There will be initial assessment of broad affordability in terms of all the key resources, bringing realism and advanced notice of resource implications
- The process should question existing capital deployment and seek new solutions if appropriate and question and evaluate new capital deployment
- The Council's financial requirements will be fully taken into account over time
- Planning and charging should ensure much more transparency in the assessment of future spending plans
- Charging may help the release of surplus or under-utilised land and property assets
- Planning will act as a robust test for future capital spending
- This process is the basis of ensuring that:
 - capital release and redeployment are regularly considered
 - the use of capital for new projects is regularly considered
 - running and maintenance costs are regularly considered

Compliance with Statutory / Regulatory Codes:

- Maintenance standards are addressed at this stage
- Compliance with the Council's range of obligations will be taken into account in this process
- Compliance with national standards should be planned for at this stage (eg, DDA Legionella, asbestos, electrical testing)

Improved Corporate Management:

- It will be clear that the Council has fully integrated its property strategy and asset plan with its overall goals and objectives and consequently there will be a direct link between property action and the overall direction of the Council
- The presence of this process and the effective implementation of its component parts will assure inspectors and others that the appropriate practice is being adopted within the Council
- Robust and interlinked capital and asset strategies will demonstrate good strategic planning for assets
- Consideration of charging will show an intention to manage the asset base in a corporate and properly accountable manner

Environment:

- Links will be made between the Council's corporate environmental objectives and the management of its assets
- This process ensures the Council's environmental objectives are built into its asset planning
- Opportunities to pursue environmental targets will be balanced with competing priorities

2 - Structure and Roles / Responsibilities

Introduction

This Section of the Guidance addresses the need to ensure that roles and responsibilities for asset management are clearly and appropriately allocated to officers and member and that asset management is embedded in the ongoing work of the authority.

Management Arrangements

What Needs to be Achieved

Authorities should review their arrangements for corporate/cross-service working in relation to corporate asset management to ensure they meet six good practice criteria:

- **link between corporate and property objectives/priorities**
- **full involvement of all key service areas**
- **clear distinction between strategic and operational decision-making**
- **key drivers amongst officers and elected members**
- **clear reporting lines to a strong corporate centre**
- **integration of capital strategy and asset plan**

Doing it in Practice

National research undertaken for the Office of the Deputy Prime Minister has identified the following six good practice criteria in relation to the management arrangements established by authorities to drive forward corporate asset management:

- There are clear and explicit links between corporate objectives and priorities as expressed, for example, in the Community Strategy, and the objectives and priorities of both the capital programme and property and asset management;
- There is an integral involvement in the process of all key service areas in the authority represented by officers at an appropriately senior level;
- There is a clear distinction between strategic thinking and decision-making and operational issues. Without this distinction, the capital strategies and asset management plans will generally lack direction and there can often be a focus on detailed issues, such as what to do about individual assets, the definition of property categories and the specification of databases, and hence an inability to see the 'wood from the trees'. In order to have clarity, this distinction may be best expressed in organisational terms through separate strategic and operational groups, although the work of the two groups needs to be closely linked and this may not be appropriate in small non-metropolitan district councils;
- There are key officer drivers of the capital strategy and asset management process, preferably at director level. Officers from finance and property are generally a powerful combination in this context. They need to champion a corporate view of capital expenditure and the use of assets throughout the authority, take a strategic view of the capital programme and asset management, and manage the implementation of the agreed corporate capital strategy and asset management plan;

- There are clear reporting lines to a strong corporate centre. No specific management arrangements in relation to the corporate capital strategy and asset management, however appropriate, are likely to be successful in the absence of a strong corporate centre providing a clear lead for the process and ensuring that the decisions taken are then implemented;
- There is an integration of the development and implementation of the capital strategy and asset management, rather than them being seen as separate initiatives that have a link only because they are part of a single government policy initiative.

These six good practice criteria provide a framework within which authorities can assess the management arrangements they have established.

Good Practice Example

This council has established three corporate groups to manage the asset planning initiative:

- **the Asset Management Group (AMG) is at ‘Head of Service’ level and has overall responsibility for the preparation and implementation of the corporate asset plan, reporting to the Cabinet and the Management Team;**
- **the Property Management Group is at ‘practitioner’ level and scrutinises and recommends to AMG whether proposed schemes are technically sound and authorises all property activity and transactions;**
- **the Building/Construction Group undertakes technical audits of the proposed design solutions and procurement routes of capital projects.**

The fact that the new management arrangements established by the council are fully in line with the six good practice criteria does not, in itself, do sufficient justice to their effectiveness. This is because it is not just the structures established that are important but also the ways in which they are used. A culture of trust has been created amongst officers and elected members in which all those involved work together to resolve issues and improve performance. The three groups are truly corporate in the way in which they, and their members, operate and have provided an effective stimulus to greater cross-cutting working and capital projects across service areas. The challenge for the future is to drive down this effective corporate working to all levels in the authority.

Key Actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers should:

- Assess the current arrangements for corporate working in relation to asset planning against the six good practice criteria. In particular, ensure there are effective lead member and chief officer ‘champions’ of asset planning
- Articulate clearly how actioning asset management priorities will contribute to the achievement of corporate objectives
- Strengthen corporate capacity/working as much as possible so as to underpin effective asset planning

Service – Service Managers should:

- Ensure the Department is represented on corporate asset planning group(s) by officers with appropriate seniority, skills and experience
- Identify clearly how actioning asset management priorities will contribute to the achievement of service area objectives

Assets – Asset and Property Managers should:

- Articulate clearly the contribution asset planning can make to the achievement of corporate and service area objectives
- Ensure that both strategic asset management and operational property management receive appropriate priority

Further Engagement of Elected Members

What Needs to be Achieved

Effective engagement of elected members is central to the implementation of corporate asset planning. This needs to occur at three levels:

- **strategic leadership by the property portfolio holder**
- **'positive' role for scrutiny by elected members**
- **involvement of 'backbench' elected members**

Doing it in Practice

The engagement of elected members with strategic asset management needs to occur at three levels:

- **Property portfolio holder** within the Cabinet (or the chair of a streamlined committee). Ideally, member level responsibility for asset management should be in the finance/resources area. Depending on the skills and experience of the portfolio holder, s/he may play different roles including, for example, providing strategic leadership on asset management in conjunction with a senior officer 'champion' and the Corporate Property Officer, or operating more like a non-executive director in a private company (strategic overview and guidance);
- **Scrutiny and Review** by elected members can be an important vehicle for exploring difficult property issues and highlighting weaknesses (of which the portfolio holder should already be aware). Property portfolio holders should use the scrutiny and review function of members in this 'positive' way as much as possible. This can also assist in providing some continuity in relation to asset management when the political control of an authority changes;
- **Non-Executive Members.** Many authorities are finding it difficult to engage elected members who are not in the Cabinet or on one of the streamlined committees or involved in a Scrutiny Committee. This applies across a wide range of council issues, not just property. Some authorities have been running a programme of seminars to inform members on various issues, but securing engagement on asset management is likely to require a more 'imaginative' approach. Consulting local members on property issues in their ward is one building block of this engagement, and we highlight below the experience of one authority in using area property reviews as a vehicle for this purpose.

Good Practice Examples

Role of the Property Portfolio Holder

In this council, the Cabinet Member for Finance and Property is responsible for all of the authority's property decisions. The property portfolio holder chairs the Property Strategy Group, which provides high-level strategic direction in the development of the council's approach to the management and use of its property assets, and has overall responsibility for the capital programme.

In his role as the chair of the Property Strategy Group, the portfolio holder is actively involved in developing the council's policies relating to property and in shaping property proposals. Regular meetings between the Cabinet member and the Corporate Property Officer help to ensure that the portfolio holder has an understanding of practical asset management issues facing the authority, with benefits for strategic decision-making.

The active role played by the portfolio holder means that he is a highly effective champion of capital investment and property issues in the authority. This helps to ensure that non-Executive members are involved in considering property and capital investment issues and have a clear understanding of the corporate approach being adopted by the authority.

Engagement with Non-Executive Elected Members

This council is in the process of implementing a rolling programme of area property reviews, and 'backbench' elected members are an integral part of this process. Five members were involved in the last area property review and three are involved currently in the review of the county town, where most of the council's office accommodation is located. All 'backbench' members will have been involved by the time the first round of reviews is completed. The experience to date has been that members are providing valuable local knowledge, rather than taking a parochial view of issues based on the interests of their own electoral wards.

Key Actions for Lead Members and Chief Officers

Corporate – Lead Members and Chief Officers should:

- Ensure that the property portfolio holder has access to appropriate training in order to fulfil the corporate asset management leadership role
- Ensure that training programmes for Cabinet members, including induction for new members, adequately covers asset management
- Develop and implement a strategy for more effective engagement with 'backbench' members on property and other issues

Service – Service Managers should:

- Ensure the property portfolio holder for their service area has an appropriate understanding of the property issues impacting on both current and future service delivery

Assets – Asset and Property Managers should:

- Ensure that there is an effective working relationship between the property portfolio holder and the Corporate Property Officer
- Pro-actively seek out opportunities to engage with 'backbench' members on property issues in their wards

Embedding Asset Management

What Needs to be Achieved

Asset planning should be integrated with the corporate and service area medium and long term planning, and hence be embedded at all levels in the authority, such as:

- **Corporate Plan**
- **Best Value Guidance**
- **Service Planning Framework**
- **Corporate and Service Asset plans**

Doing it in Practice

In order to achieve a more corporate and strategic approach to the capital programme and the use of property assets, authorities need to integrate asset management with their medium and long term planning at both corporate and service levels. As a result, asset management needs to be embedded at all levels in the authority, rather than being a purely corporate initiative.

Examples of this embedding of asset management include the following:

- **Corporate Plan** - should include aims and objectives for the use and development of the council's property assets and appropriate indicators against which performance can be assessed;
- **Corporate Asset Plan** - should continue to be updated and developed, in the context of an integrated medium/long term resources strategy rather than as a freestanding document;
- **Best Value Guidance** – all service reviews should be required to cover the way in which property assets could contribute to the improvement of service delivery;
- **Service Planning Framework** - should include asset planning as a specific level, with all service areas required to set out how their activities contribute to the achievement of the corporate aims and priorities, including those arising from the capital strategy and asset management; and
- **Service Asset Plans** - should outline what property assets will be required over the short, medium and long terms in order to assist with the realisation of the service delivery objectives of individual departments.

Good Practice Example

There is strong evidence of the embedding of asset management in this council.

For example:

- the inclusion in the Corporate Plan of the aim “*to improve how we manage, repair and maintain our assets, particularly schools and roads*”, and of three performance measures related to asset planning in both the Corporate Plan and the Best Value Performance Plan
- the preparation of an updated Asset Plan in 2003, although the authority was not required to submit a document to the Government Office in Round 3
- the abolition of the delegated powers of service areas to manage their own property, leaving the Director of Resources as the sole client in the authority
- the identification of asset planning as a specific level in the service planning framework. All service areas are required to set out how their activities contribute to the achievement of the corporate aims and priorities, including those arising from the capital strategy and the asset plan
- the preparation of service asset plans by Corporate Services (responsible for office premises, libraries, registration offices and outstations), Environmental Services and Social Care and Health, as well as the Education Asset Plan

Key Actions for Lead Members and Chief Officers

Corporate – Lead Members and Chief Officers should:

- Be aware of the objectives for the authority’s property assets and have an effective way of knowing whether they are being achieved
- Treat its property assets as a key resource in relation to medium term planning, along with staff, finance and information technology

Service – Service Managers should:

- Challenge the Department’s use of property assets and satisfy themselves that the best use is being made of the available resources
- Identify, and clearly articulate, the volume, type and location of property assets needed to support the future structure of service delivery

Assets – Asset and Property Managers should:

- Establish effective working relationships with the key service delivery areas in the council
- Provide service areas with appropriate performance data so that they are able to make fully informed decisions about the use of property assets

Impact on Outcomes

Customer and Stakeholder Satisfaction:

- Embedding and a more corporate and strategic approach to the capital programme and asset management will lead to improvements in the quality of service delivery and hence to an increase customer and stakeholder satisfaction
- Greater engagement with elected Members will facilitate closer alignment of property objectives and priorities with the needs of service users and other citizens

Affordability:

- A more corporate and strategic approach, embedding and the strategic leadership provided by the property portfolio holder and the role played by Scrutiny Committees will stimulate a more efficient use of scarce capital resources and a clearer focus on the long term cost of assets, with consequent benefits in terms of affordability

Compliance with Statutory/Regulatory Codes:

- More effective corporate and cross-service working will support consistency of compliance with statutory and regulatory codes across the authority
- Embedding will promote a greater awareness and understanding of the statutory and regulatory codes underpinning asset management

Improved Corporate Management:

- Effective arrangements for corporate and cross-service working will contribute to improved corporate management across the authority
- The strategic leadership role of the property portfolio holder will provide a close link between asset planning and the wider corporate agenda of the Cabinet
- Embedding of asset management at all levels in the authority will contribute to a greater awareness and understanding of corporate objectives and priorities

Environment

- More effective corporate and cross-service working will support the application of good practice on environmental and energy issues across the authority
- Embedding will promote a greater awareness and understanding of the environmental and energy issues

3 - Inclusion and Engagement

Consultation with Stakeholders

What needs to be achieved

The need and ability to consult with stakeholders has been a fundamental requirement of local authorities particularly in recent years under the 'Best Value' initiative. Indeed the requirement to consult on all service provision is included within the Local Government Act 1999. Historically authorities have overlooked the importance of consultation in relation to Asset Management and it is only recently that many significant benefits have been realised.

Better Consultation:

- helps you plan better to align service need to service provision
- helps you prioritise your services enabling you to make better use of resources
- helps you set performance standards and makes monitoring more relevant to stakeholder needs
- encourages a working partnership with your stakeholders – they can understand difficulties facing you and know how they can help in the process
- alerts you to problems quickly so you have a chance to put things right before they escalate
- symbolises your commitment to be open and accountable: to put service first

Local authorities should develop consultation approaches that encompass the full range of Asset Management functions

Doing it in practice

Effective consultation should include:

- Initial identification of all relevant stakeholders, stakeholder groupings and stakeholder representatives in relation to each area of Asset Management. These could include internal and external stakeholders such as members, strategic officers, other departments, building or service users, non-service users, minority groups (e.g., age, race, ethnicity, disability), community representatives, charity & voluntary sector groups or organisations, staff, unions, clients and partner organisations.
- Setting clear objectives for consultation. Establish why you are doing it; What information you want to find out; Who you are going to consult with and what you are going to ask; Which form of consultation will work with which stakeholder group (especially with hard-to-reach groups); Finally, and probably most importantly, what you are going to do with the information.
- Authorities should be careful not to make consultation too Asset Management focused, where the key issue relates to service delivery performance as opposed to simply performance of an asset.
- Carrying out a cost benefit analysis of proposed consultation methodology. The approach, and therefore the cost of consultation should be tailored expected benefits envisaged. Authorities need to prioritise when consulting otherwise the consultation exercise could grow to become unmanageable or over extravagant for the original purpose.
- Carrying out an analysis/audit of existing methods of consultation with stakeholders across the authority to ascertain.
- Whether all relevant stakeholders are being consulted.

- Whether other departments/services are targeting the same people and whether coordination of approaches is necessary.
- Whether approaches should be coordinated or carried out with partner organisations
- Whether the right information is being collected at the right time.
- Are the necessary systems in place to allow collation, and analysis to take place?
- Are the results of existing consultation being acted upon?
- Whether the existing consultation results are achieving the objectives set in b).

- Identifying the gaps in consultation approaches and how these can be improved. Often resources are not there to consult with everybody so authorities should carefully prioritise to ensure the best consultation 'fit' is achieved. There is no one 'right' method for all circumstances. Different stakeholder groups, different circumstances and different service areas will require different approaches to ensure the best results.

- Being clear about how you are going to communicate the consultation results both to those you consulted, and to others, and to communicate how the results of the consultation will change or improve things. Consultation raises expectations of change or improvement and these expectations must be managed and satisfied.

- Consultation with key stakeholders across all functions is a fundamental requisite of 'Strategic' Asset Management. The ability to gather, analyse and act on consultation information received is paramount to achieve an effective service that can prioritise how the authority's estate can effectively support service delivery. There are however, a number of specific areas that are worth highlighting for specific reference.
 - Capital prioritisation – Needs an approach that allows strategic consultation and decisions to be made. Many local authorities use questionnaires often with simple scoring mechanisms to achieve this.
 - Option appraisal – Similar to Capital Prioritisation but usually requires more in depth consultation with potential building/service users to ensure the best solution within the resources available.
 - Suitability and sufficiency of assets – Particularly requires consultation with building users, and often with members of the public to ensure the suitability of the building for the services that are being delivered from it. There are many different approaches that are being used to ascertain suitability, most often using questionnaires, which range from very simple to extremely complex. Whatever level of detail is collected, an authority must ensure that it can make decisions/prioritise based on the information received. Further regular consultation will ascertain whether changes made and subsequent asset strategy contributes to improved stakeholder perception of service delivery.
 - Post project Evaluation – Many local authorities miss the key opportunity to gather relevant information when a project or initiative has been completed. Information collected through a robust Post Project Evaluation procedure while ideas are fresh in people's minds will enable stakeholders feedback and perceptions of processes to be recorded and used in future schemes.

Good Practice Example

A local authority routinely sends out suitability questionnaires to people using their leisure services. The information gathered is initially examined at each venue by the location manager and then collated and examined centrally by the council's asset management section.

The information gathered is used:

- **Locally** - to identify easily remedied issues such as poorly functioning equipment or simple repairs that are required. These are handled by the venue management and information is provided to service users on progress of such issues by means of a 'customer queries and concerns' board that is displayed prominently in reception.
- **Centrally** – the information is used toward making decisions on major remedial work, planned maintenance and redecoration. It is also used toward strategic decisions whether to maintain, invest or dispose of properties.

Key actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers should:

- Actively contribute to consultation exercises where relevant
- Take the results of consultation exercises into account when making key property decisions

Service – Service Managers should:

- Actively contribute to consultation exercises where relevant
- Analyse who the key stakeholders are in relation to service properties in order to adequately target consultation exercises
- Introduce questions related to property within existing consultation exercises aimed at service users
- Analyse collected data at a local level to provide responsive routine maintenance/rectification

Assets – Asset Managers and Property Managers should:

- Identify key stakeholders for all property types in conjunction with service departments where relevant
- Develop consultation methodologies for property both at a service (in conjunction with service departments) and at a strategic level
- Analyse consultation data received, and use to inform decisions and monitor trends in building performance

Learning from the experience of others

What needs to be achieved

Every local authority is different. Even neighbouring authorities with similar levels of population often have widely different property portfolios. Many observers would therefore question the usefulness of comparing practices and learning from the experience of others, because it can never be exactly reproduced in practice. When lessons and processes are adapted however, and applied in context, great benefits can be achieved. Indeed significant savings in time and resources can be realised by not 'reinventing the wheel' each time a new problem is faced.

Strategic asset management is relatively new in many Local Authorities, which has resulted in a more open culture of sharing and lesson transfer than many other service areas. It is clear however, that Local Authorities would benefit from better interaction and exchange of ideas. They should ensure that they have access to other authorities and the private sector. This will enable them to identify differing approaches to various aspects of service provision and challenge the way that they currently operate.

Doing it in practice

In particular authorities should: -

- Engage in a suitable lesson-sharing network. There are a number available on a national or local level. On a national scale the Asset Management Network managed by CIPFA and the Federation of Property Societies is the largest whilst a specific Education Asset Management Network is organised by Pillar Consultancy in partnership with the Department for Education and Skills. Certain professional organisations also share information through specific events, working groups or publications. Examples include the Royal Institute of Chartered Surveyors (RICS), the Association of Chief Estate Surveyors & Property Managers in Local Government (ACES) and the Association of Chief Corporate Property Officers in Local Government (COPROP), and most authorities will have officers with links to these organisations.
- At a local level authorities should 'benchmark' with similar or neighbouring authorities and other public sector organisations. In practice the majority of local authorities do compare performance results but very few take the next step of getting behind the numbers by comparing the working practices and process that lead to those results.
- Get involved in the Beacon Council scheme operated by the Office of the Deputy Prime Minister. This initiative highlights good practice within local government over a number of service themes every year. Asset Management is one of the key themes for which 'Beacon Status' will be awarded in 2005.
- Compare practices with the private sector particularly at a local level to identify any opportunities for lesson transfer. CRE (Corporate Real Estate) management is gaining an increasingly higher profile in the private sector.
- External comparison needs to be a continuing process to enable authorities to identify new and innovative practices and compare their own performance in the long run.
- An authority will only benefit from external comparison if they put into practice what they have learnt. Often wholesale approaches can not be repeated but by adapting practice, or taking useful 'snippets' of approaches an authority can improve their own performance quite dramatically. Implementing the lessons learnt from comparison should be prioritised in order to give the maximum benefit and most immediate

improvement.

Good practice example

A benchmarking group of 8 similar size authorities started meeting on a regular basis to compare practices and performance. Initially they met bimonthly to enable them to get to know each other quickly and learn as much as possible in a short time. This resulted in many individual specific visits where one council was interested in the practices of another on a particular area. As a result of these visits a number of the councils changed or adapted existing practice to reflect better performance from others in the group.

After four years the group now feel they don't need to meet as regularly and come together every six months to compare performance and to arrange working parties that will examine approaches amongst the group on specific topics such as environmental performance of buildings, approaches to local company tendering or partnering and procurement. The group feel that the combined knowledge and experience of the group has enabled them to learn much quicker than if they had to approach topics on their own.

Key actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers and Service – Service Managers should:

- Discuss Asset Management issues with counterparts from other authorities when the opportunity arises and/or attend relevant Asset Management Events with an opportunity to network
- Get involved with the Beacon Council scheme for Asset Management

Assets – Asset Managers and Property Managers should:

- Attend relevant Asset Management events
- Network with asset managers from other authorities and the private sector
- Benchmark performance with other authorities both nationally and locally

Impact on Outcomes

Customer and Stakeholder Satisfaction:

- Better understanding of stakeholders requirements and expectations
- Better knowledge of options for meeting asset needs
- Improved transparency of property management decisions

Affordability:

- Improved project prioritisation
- Improved option appraisal of capital schemes
- Capital decisions based on robust stakeholder information
- Improved value for money

Compliance with Statutory/Regulatory Codes:

- Better understanding of and commitment to compliance

Improved Corporate Management:

- Enhanced use of resources in delivering better services

Environment

- Increased exploration of environmental issues in meeting property asset needs

4 - Implementation and Review

Introduction

In this Section, we provide guidelines on, and examples of, good practice and key actions for lead members and officers in relation to seven key areas of the implementation and review of asset management:

- Option Appraisal;
- Whole Life Costing;
- Capital Project Prioritisation;
- Procurement;
- Project Management;
- Post Project Reviews; and
- Impact on Outcomes.

Option Appraisal

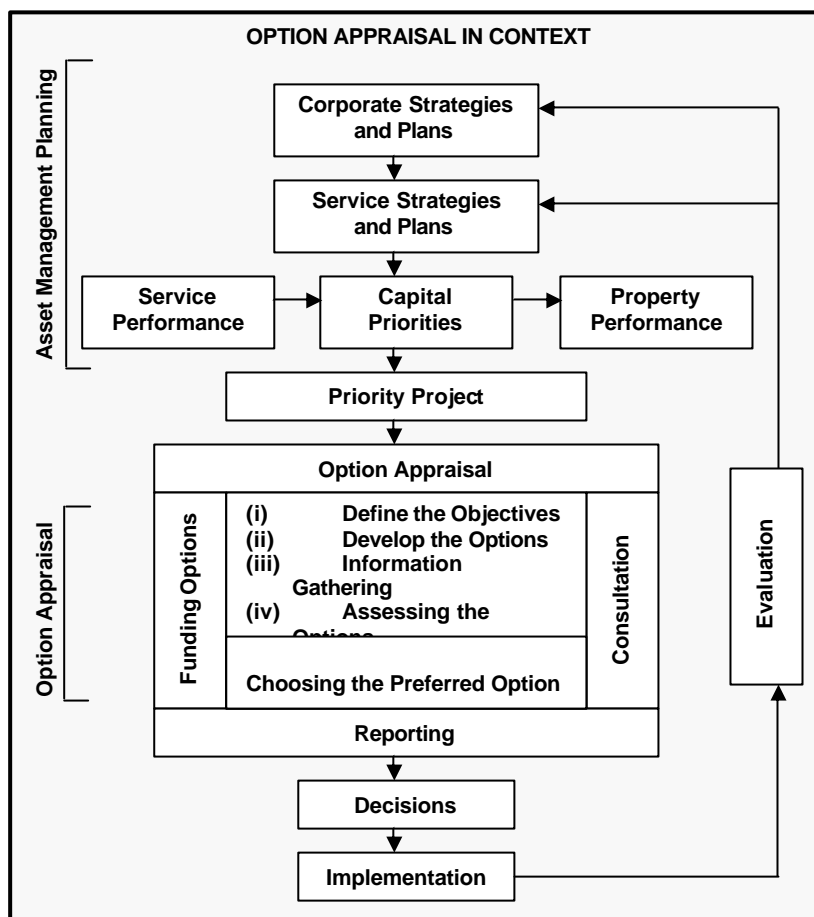
What Needs to be Achieved

Option appraisal is an integral part of asset management. The scale and nature of the project will determine the level of detail needed in the option appraisal, but all authorities should be applying the following principles in relation to all projects:

- **Be clear about the objectives**
- **Consider different ways of achieving the objectives**
- **Assess the costs and benefits of the different options**
- **Identify, and quantify/value if possible, the pros and cons of the options**
- **Consider any risks and uncertainties**
- **Assess the best value use of resources, not just the lowest cost**

Doing it in Practice

As the following chart shows, option appraisal is an integral part of asset management, linked to the authority's corporate strategies and plans. Option appraisal should form part of a top-down process that deals with these strategies and plans on a holistic basis and ensures that capital projects align with them. Anything less would lead to significant risks of underused or misused resources.



Option appraisal is an essential part of the decision-making process which turns the asset plan from a base of information into a process of practical application that is embedded in the way authorities work. The scale and nature of a project will influence the level of detail that will need to be built into an appraisal, but the following set of principles will always apply:

- be clear about the objectives;
- consider different ways of achieving the objectives;
- assess the costs and benefits of the different options;
- identify, and quantify/value if possible, the pros and cons of the options;
- consider any risks and uncertainties; and
- assess the best value use of resources, not just the lowest cost.

Carrying out a formal appraisal of the options helps authorities to make informed, transparent and consistent decisions about the capital projects to be taken forward. It ensures that the decisions taken are based on a clear consideration of the relative merits of all the options and provides a clear justification for the decisions. This includes making explicit any assumptions that have been made and communicating them to stakeholders. Used properly, an appropriate appraisal system should lead to better decisions. It will also help authorities to assess whether the decisions taken are the right ones, by providing a clear basis for evaluation.

An option appraisal should be carried out whenever authorities are planning a capital project for which there are different feasible approaches to meeting the desired objectives. Other factors that could be relevant are where:

- there are doubts about whether to go ahead;
- there is a change of use or disposal of a site or building;
- there might be wider opportunities/needs which could be achieved as part of the same project with relatively low incremental cost;

- there are particular sensitivities about a project affecting a range of stakeholders;
- there is a high level of risk or uncertainty;
- the project involves the authority entering into a long term relationship or partnership with another organisation;
- there is a need to demonstrate transparency in the decision-making process; and
- the long term solution may be different from the short term solution.

Option appraisal is not something to be used only when large or complex projects are being considered. With less complex projects, the principles of appraisal still apply, but the scale of the process should be proportionate to the planned project. This applies, in particular, to small non-metropolitan district councils that will only rarely, if ever, have major capital projects in relation to which a full-blown option appraisal will be appropriate.

For an option appraisal to be meaningful, it should be carried out well before a final choice has been made on the preferred approach. In some cases, authorities decide the course of action that they wish to take and then carry out a retrospective review of the possible alternatives, in order to justify the decision that has already been taken. At best, this will be documenting the informal appraisal that has already been carried out. At worst, this is a purely additional activity that adds no value and provides no credible justification for the decision, and is also likely to lead to an end product that represents poor value for money.

Good Practice Example

This authority has a well-established option appraisal approach that is used for all schemes with a value in excess of £100,000. The appraisal approach was introduced over 10 years ago but continues to be developed to reflect changing corporate and governmental objectives. Whole life costing is incorporated in these option appraisals and options considered would normally include standard and non-traditional forms of procurement, taking account of both capital and revenue implications.

In the context of the Prudential Code, the authority is reviewing the threshold above which proposed new schemes will be subject to a full option appraisal. As part of the option appraisal process, unsupported borrowing is now considered, but it is expected that this would only be pursued in the context of invest to save projects where there is the potential for quick repayment, in order to minimise potential impacts on Council Tax.

Key Actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers should:

- Ensure that the authority has a formal approach to option appraisal that means the most appropriate process is used for all capital projects

Service – Service Managers should:

- Ensure that the Department is carrying out appropriate option appraisals for all of its capital projects at the right time
- Ensure that officers responsible for developing capital projects have appropriate training in undertaking option appraisals

Assets – Asset and Property Managers should:

- In conjunction with Finance, issue clear guidance to assist service managers with undertaking option appraisals
- In conjunction with finance, provide training to assist service managers with undertaking option appraisals

Whole Life Costing

What Needs to be Achieved

Recent research into Office Accommodation published by The Royal Academy of Engineering (1998) has identified the relationship between capital cost, cost in use and the cost to the business of assets as a ratio of 1:5:200. What this means is that the cost of operating and maintaining a building over its life will be five times the original capital cost. Moreover, the cost of staff productivity and occupations is two hundred times the capital cost.

The introduction of the Prudential Code means that authorities can now choose between revenue and capital-intensive options for service delivery and as a result increased the potential for whole life consideration of projects.

It is clear however that whole life decisions should involve more than just costs over the life of a building. Key local authority priorities such as the sustainability of transport, flexibility, area regeneration and environmental impact can and should be considered in a whole life context. Authorities should therefore develop an approach to consider all whole life issues in the procurement and management of assets.

Doing it in Practice

Areas for action by authorities include the following:

- consider the costs associated with maintenance, energy use and redecoration for the lifetime of the asset (not just the initial capital cost). When are key components likely to be replaced and what are the cost consequences?
- consider the potential disruption costs and effects on service delivery of changing key components. For example, it may be false economy to design a cheaper roof for a school that needs to be replaced every 10 years but also needs the pupils to be housed in temporary accommodation whilst this is being undertaken. Have the costs of such disruption been taken into account?
- consider service delivery costs over the life of the asset including flexibility should the service delivery change or cease to be required. Many services have the potential to be delivered electronically within the next few years: are we building assets that will be largely redundant in the near future?
- consider non-cost issues such as environmental impact, area regeneration or sustainable transportation over the life of the asset. Should we invest more at an early stage to ensure we protect the environment in the future, or should we spend more to build in a particular location because it will encourage local area growth?
- think about how the asset is likely to be disposed of at the end of its useful service life. The nature of the construction materials used might affect disposal value or impact on demolition and site clearance costs;
- examine products and materials utilised in the construction to assess the potential for recycling and/or ease/cost of replacement;
- ensure that staff are suitably trained in whole life methodologies;
- ensure that the decision makers fully understand the concepts involved;
- communicate whole life policies on cost and other issues to third parties such as partner organisations, contractors or suppliers; and

- collect information of the cost-in-use of buildings so that it can be passed back to designers for more informed whole life decisions.

Good Practice Example

An authority recently carried out an option appraisal to decide on the specification of replacement boilers for council owned dwellings. The council decided to look at the initial price together with the longer term cost over a 20-year period (the anticipated life of the boiler).

Three main boiler types were considered, and after comparing performance they found that the most expensive initial purchase specification worked out the best value for money when considered over the 20-year period due to the significant savings in energy consumption. In addition, the CO2 emissions were substantially reduced which in turn contributed toward one of the council's key aims to reduce environmental impact.

Key Actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers should:

- Be aware of whole life issues
- Make decisions based on whole life consideration, not just initial cost
- Reconcile corporate aims and objectives in the long term with decisions made now

Service – Service Managers should:

- Be aware of whole life issues
- Develop a longer-term property vision for their service area incorporating whole life considerations
- Monitor 'costs-in-use' and qualitative whole-life issues for property for which they are responsible

Assets – Asset and Property Managers should:

- Facilitate discussion and advise on whole life issues
- Develop an approach to consider whole life issues as part of scheme evaluation or other key decision points
- Co-ordinate 'costs-in-use' and qualitative whole life issues across the authority's estate
- Provide information on whole life performance to decision makers and designers

Capital Project Prioritisation

What Needs to be Achieved

In order to use the scarce resources available for capital investment in an efficient and effective way, authorities should have appropriate systems in place to prioritise capital project proposals in line with corporate objectives and priorities. These systems should:

- Cover most, if not all, capital projects
- Be fit for purpose in relation to the scale/nature of the capital programme
- Facilitate the challenging of project proposals
- Incorporate moderation and review
- Be linked to option appraisal
- Involve inputs from elected members

Doing it in Practice

Whilst the resources for capital investment available to many authorities have increased substantially, they are still limited. Therefore, it is vital for authorities to be able to prioritise effectively in order to ensure that the planned capital projects make maximum use of the resources available so as to achieve best value.

There are six good practice criteria that capital project prioritisation systems should meet, which provide a framework within which authorities can assess the arrangements they have established:

- **Coverage** – the system should cover most, if not all, capital projects. There are likely to be some small schemes that it is not worthwhile including within a formal approach. Projects with ring fenced funding should be included in order to demonstrate the extent to which the capital programme as a whole is meeting corporate objectives. Devising an approach that can accommodate property, infrastructure and other investments represents a challenge;
- **Fit for Purpose** – the structure and sophistication of the system should be appropriate to the scale and nature of both the capital programme of the authority and the scale of individual projects. For example, a small non-metropolitan district council with a limited capital programme comprising small schemes will need a much less complex system and process than a large metropolitan authority;
- **Challenge** – one of the most important potential benefits of a corporate approach to the capital programme is that it allows a process of challenge to take place so that project proposals can be developed so as to generate maximum impact in terms of meeting corporate and service objectives. This process of challenge generally happens in the corporate groups established to drive forward asset management planning;
- **Moderation and Review** – however sophisticated the capital project prioritisation system, there will need to be a process of moderation and review in order to ensure that the benefits and impact of schemes have been adequately reflected in the scoring. The assessment of project proposals and moderation and review should be undertaken at a corporate level;
- **Link to Option Appraisal** – the objective of a prioritisation system is to ensure that authorities secure best value for money from the limited capital resources available by allocating funding to those projects that best meet corporate objectives and priorities. This will only be the case if each of the projects has also been subject to an option appraisal to ensure that the proposal put forward is the best for meeting the project objectives; and
- **Input from Elected Members** – however sophisticated the capital prioritisation system, it is unlikely to be able to reflect fully the complexity of an authority's aims and objectives and the political nuances of local circumstances. As a result, the output from a prioritisation model will always need to be interpreted by both officers and elected members and it should provide a clear guide to decision-making rather than being a straitjacket from which there can be no variation. There also needs to be a feedback loop so that the experience of officers and elected members can be reflected in the development of the prioritisation model.

Issues to consider are set out in the table below:

Capital Project Prioritisation Criteria: Issues to Consider	
<u>Corporate Priorities:</u>	<u>Strategic:</u>
<ul style="list-style-type: none">• Fit with corporate aims• Fit with corporate priorities for improvement• Impact on fourth quartile BVPI performance• Degree of consultation with stakeholders	<ul style="list-style-type: none">• Meets borough aims• Meets service area aims• Meets capital strategy objectives• Asset Management Plan priority
<u>Risk and Opportunity Management:</u>	<u>Scheme Specific:</u>
<ul style="list-style-type: none">• Promotes cross-cutting service delivery• Raises the council's community leadership• Supports the Modernisation Agenda• Addresses new statutory/legal obligations• Addresses new health and safety issues• Improves service-wide disabled access• Addresses important local issues• Reduces revenue costs• Generates matched funding• Reduces the financial exposure of the council• Addresses deprivation issues• Improves council performance indicators• Improves economic development performance• Relates to an approved council performance review action plan	<ul style="list-style-type: none">• Flagship scheme• Supports meeting statutory obligations• Beneficial impact on local area/ environment
	<u>Partnerships and Joint Working:</u>
	<ul style="list-style-type: none">• Internal 'cross-cutting' potential• External partnership potential
	<u>Financial:</u>
	<ul style="list-style-type: none">• Spend to save initiative – produces revenue savings• Part funding through internally generated resources• Part funding through externally generated resources• Meets value for money criteria

Good Practice Examples

Capital Project Prioritisation System

This council has devised a system to provide a structured and rational framework for assessing the relative merits of proposed projects with a cost of over £50,000 to the authority. At the same time, by attaching 'flags' to projects when positive responses are made to key questions, the system retains a degree of flexibility so that elected members can identify important issues regarding risk and the potential loss of windfall opportunities for consideration.

With the exception of transport schemes (which are currently excluded because of the different characteristics of infrastructure and property projects), the Asset Management Plan Working Group (AMPWG) assesses all of the council's capital projects using the scoring and prioritisation system. This means that the system is currently used to assess nearly three-quarters of the council's total capital programme. In part, this is done in order to identify the resources, in addition to credit allocations, that are needed to support priority projects.

The system involves the following:

- service area proposals are identified through a variety of routes, including stakeholder consultations and feedback, benchmarking and forward planning;
- service area proposals are prioritised by their management teams based on costed appraisals and operational plans;
- the allocation of resources to the preparation of estimates and option appraisals needed to inform service area prioritisation is regulated through the use of a 'Property Proposal Initiation Pro Forma', which ties this work in to the council's corporate performance monitoring process. It also begins to collect some of the basic information that will be needed for ranking purposes when confirmed service area priorities are fed into the corporate prioritisation process;
- agreed service area priority projects are submitted to the AMPWG for refinement and to ensure consistency with the corporate capital strategy. The AMPWG also examines the potential for additional cross-cutting and partnership working elements in projects;
- the refined proposals are scored in the prioritisation system, whilst the relevant service areas prepare a business case including revenue, staffing and life-cycle cost implications to demonstrate that the project is workable;
- prioritised proposals, along with the supporting cases, are presented to the Corporate Management Team in the autumn for consideration in the annual budget round; and
- the proposals are presented to the Cabinet for decision and the agreed projects are incorporated in the five-year capital programme.

Key Actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers should:

- Ensure that the authority establishes a system in which the output of a capital

prioritisation model supports decision-making by leading members and chief officers;

- Ensure that the corporate arrangements put in place to secure best value for money from the capital programme and to encourage cross-service projects are working effectively.

Service – Service Managers should:

- Develop capital projects in a way that addresses corporate objectives and priorities as much as possible
- Work closely with asset and property managers to develop capital projects in line with the available resources
- Seek out opportunities to develop capital projects with other service areas and external partners where this will assist in achieving corporate and service objectives and priorities

Assets – Asset and Property Managers should:

- Provide sufficiently robust information in a timely manner to allow the capital prioritisation system to operate effectively
- Work closely with service managers to develop capital projects in line with the available resources

Procurement

What Needs to be Achieved

Procurement is the process of acquiring services, works or goods and can cover anything from professional property advice, the purchase/leasing of land or buildings, right through to major construction works.

Local Government procurement must be carried out in accordance with European regulations and other legal requirements but there are a number of other factors to consider.

Authorities should develop a robust approach to the procurement of assets examining whole life issues from the identification of service needs right through to the end the useful life of an asset or the end of a works/services contract. Best Value for money will not just be measured on lowest initial cost, rather the optimum combination of qualitative benefits and whole life costs to meet the service customer and council requirements.

Doing it in Practice

A procurement approach for assets should:

- reflect the authority's overall corporate procurement strategy and align with its key aims and objectives;
- ensure that information is held on what an authority spends on assets, in what areas (such as maintenance, new build and professional services) and who is responsible for the expenditure;
- ensure that the procurement of assets is not viewed as a narrow technical issue and that relevant stakeholders are fully aware of its strategic importance and processes involved;
- agree a procurement programme for major projects, ensuring there are adequate resources (in time, skills and money) to implement such a programme. The programme should reflect any dependencies with regard to other projects or initiatives;

- ensure that the cost of procurement is always identified as part of a project;
- ensure probity throughout all aspects of procurement relating to assets.
- Individual procurement projects should:
 - have a dedicated project manager with relevant project management skills to oversee the process;
 - form a procurement selection panel relevant to the size and importance of the project. Include a suitable client and other key stakeholder representation, although the panel should not be too large that it would make it difficult to manage;
 - adequately train the selection panel in the procurement process;
 - identify and prioritise project outcomes and ways of measuring whether these have been achieved on completion of the project;
 - ensure that the requirements of stakeholders are established at an early stage and introduced into the process, including identification of ways of measuring whether the requirements have been met;
 - establish processes for evaluating quality and price, not just on day one but over the whole life of the finished project;
 - set out a realistic timeframe for the procurement process and ensure that key dates are met;
 - identify the budget and other resources available to carry out the procurement exercise;
 - carry out the tendering process in accordance with legislative requirements and good practice. Fully record each stage of the process to ensure probity and accountability;
 - produce clear robust tender documentation providing tenderers with information on the proposed contract, the evaluation process adopted and other relevant information. Where the agreement is likely to be for a long term arrangement, authorities should consider providing additional information, such as corporate aims and objectives, so that tenderers will have the opportunity to contribute to such initiatives within their tender submission;
 - when developing budgets, make allowance for the whole life revenue consequence as well as the initial capital requirements;
 - identify risks and how to manage them at an early stage. Where practicable, share risks with contractors or suppliers;
 - consider providing incentives for suppliers/contractors to exceed targets and provide better value for money or increased quality solutions where this would be beneficial; and
 - where possible, adopt an open book approach to contractual arrangements and encourage trust and openness between all parties.

Good Practice Example

An authority needed two new schools to cope with an increasing younger population in one of its wards. The schools needed to be completed for a particular September intake and within a tight budget.

The council adopted a 'partnering' approach engaging all relevant internal and partner stakeholders in the process from an early stage. The contractor was appointed on a quality/price evaluation at an early stage and assisted in the design of the schools. In addition, the contractor was incentivised to find value for money savings and a number of key savings were identified throughout the contract. Money saved was shared between the council and the contractor, the council's portion being reinvested in the schemes. At all times the key stakeholders were involved in the process having knowledge of all in site issues, providing an opportunity to voice their opinion on potential resolutions.

The outcome of the project was that both schools were completed on time and within budget. Indeed, savings identified by the team enable additional work to be carried out to the schools, which were originally envisaged to be too expensive to accommodate within the budget. Another significant factor was the satisfaction of the client and major stakeholders with the overall process and not just the finished project. The scheme has since been recognised with national awards for innovation of practices.

Key Actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers should:

- Require information on property related procurement including how much money is spent, and what it is spent on
- Agree and prioritise key aims, objectives and targets for property related procurement
- Ensure they have access to appropriate training to equip them with the necessary skills
- Ensure the council's approach to procurement is consistent and transferred to property-related contracts

Service – Service Managers should:

- Require information on property-related procurement for their service area, including how much money is spent and what it is spent on
- Agree and prioritise key aims, objectives and targets for property-related procurement in relation to their service area and reflecting the council's strategic objectives
- Ensure they have access to appropriate training to equip them with the necessary skills

Assets – Asset Managers and Property Managers should:

- Develop robust procurement processes for all property-related procurement that reflect the council's overall approach and key aims/objectives
- Ensure they have access to appropriate training to equip them with the necessary skills, including project management skills, to manage the procurement process
- Appraise themselves of current good practice in procurement related to property and look for opportunities to implement such good practice

Project Management

What Needs to be Achieved

'Project management' is generally taken to mean the implementation of a building construction project, requiring strong technical skills (in relation to property and construction) as well as overall project planning and project implementation skills. Whilst these skills are very important, these guidelines seek to address a wider type of project management that requires broader and perhaps less technical property and construction skills. It is a key skill required for successful asset management.

This wider type of project is the corporate change project where property and construction is a key driver, but not the only driver. Examples are headquarters office rationalisations, a major service outsourcing project involving property (such as elderly care), the conception and delivery of co-location projects and probably most significantly the corporate capital programme. The reason these types of projects are different, is that the delivery of the building work itself is only one part of the delivery of the corporate projects. In essence it is the project management of the non-property and construction elements of a major corporate initiative, where this initiative also includes property and construction.

At the outset, councils frequently misinterpret major corporate project involving property and construction, as solely a property and construction project and have to 'retro fit' corporate project management later resulting in inefficiencies and sometimes additional costs. Specific skills are required for specific projects and the guidelines that follow seek to set out some general principles. They cover:

- Project planning
- Corporate team creation and management
- Appraisal including risk
- Change programmes
- Communication
- Corporate programme management

Project Planning

This requires the ability to see all the key areas where the project will require action to be successfully delivered, for example:

- Strategy and policy development
- Option development
- Appraisal
- Changes in the use of resources
 - ICT
 - Property
 - Human resources
 - Finance
- Changes in service and working practices
- Identification of key decisions
- Timetabling and programming
- Involvement and negotiation
- Communication and reporting inside and outside of the authority
- Project planning tools, including Gantt and flow charts including critical path analysis
- Monitoring and progress review
- Obtaining the necessary statutory consents and approvals

It requires considerable vision and thought at the outset. It needs to be recorded in an explicit project plan (probably using computer project management software with a Gantt chart) which is timed and which allocates all tasks and actions specifically across the council. It will need to be regularly reviewed and updated.

Corporate team creation and management

The project plan will show the main players that will be responsible for delivering the project and the other players that are important to the project. This can be accommodated by having a project working group that meets often with a wider and larger steering group that meets less regularly, as needed. These groups will need strong leadership and administration and this must be properly allocated and resourced.

Appraisal including risk

The appraisal stage of a large project or programme is critically important and up to date business techniques should be used. It should include all significant council costs and benefits. The appraisal must also include all the risks involved such as:

- Service disruption
- Opposition to the proposals
- Financing
- Timing and delays
- Inherent risks in financial appraisal (such as sensitivity to assumptions on discount rates, deferment periods, cost information and income information)
- Possible democratic change

Change programmes

The delivery of a corporate project will be dependant on numerous changes in all aspects of Council life. If not taken from a corporate perspective then key changes may be overlooked (such as changes in working practices and union negotiation, relocation and decanting, change in ICT systems, changes to, and continuity of, public access).

Communication

Large corporate change programmes will need to be carefully handled in terms of communication with, for example, all council members, staff, the public, partners, and the media.

Communicating too early can result in messages that subsequently prove to be erroneous and communicating too late can lead to uncertainty and mis-information in the meantime.

Corporate programme management

The management of the project will soon be broken down into a series of specific programmes that will need to be explicitly identified and for which responsibility for their execution needs to be properly allocated. They will need to be monitored especially where their execution is near to or on the critical path.

Key Actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers should:

- Ensure that major corporate projects are identified as such and corporate project teams set up accordingly

Service – Service Managers should:

- Contribute fully on relevant corporate projects involving their service
- Be prepared to lead on such projects
- Ensure they are adequately equipped with the necessary skills

Assets – Asset Managers and Property Managers should:

- Contribute fully on relevant corporate projects involving their property
- Be prepared to lead on such projects
- Ensure they are adequately equipped with the necessary skills

Post Project Reviews

What Needs to be Achieved

Post project evaluation can provide valuable lessons and experience that can be used to improve and shape service delivery in the future.

A council should implement robust post project review systems to ensure relevant information is collected, collated and communicated to all relevant parties to enable improvement in both procurement and service provision.

Doing it in Practice

Councils should:

- ensure that post project completion reviews are carried out for all projects, examining whether outcomes/targets have been achieved, whether processes have been carried out effectively and efficiently and whether lessons can be learned for the future. The timing of this review will depend on when outcomes or results can be fully realised. For example, a scheme procuring a new building may be reviewed once the building is operational, whilst a project procuring professional services may not see any results until a reasonable operational period;
- where a project consists of a procurement exercise, an authority should debrief all unsuccessful tenderers. This should be a two-way process, enabling tenderers to express what they thought was good or bad about the process, thus allowing the council to consider alternative approaches to procurement where relevant and beneficial to all parties;
- some projects that run over a number of years will need more than one review. An authority should realise and plan for sufficient review over the life of the project. Projects with a high cost or strategic importance are likely to have more regular reviews than low risk, small value projects;
- the costs of any post project reviews should be taken into account to ensure they are realistic and do not outweigh the potential benefits. They should be carried out in proportion to the value and scope of the original project; and
- lessons learnt should be collated and should inform future policy and/or future similar project design and implementation.

Good Practice Example

An authority carries out post completion review on all construction projects. These include and evaluation of the process comparing:

- **Achievement of objectives and targets**
- **Performance of project team**
- **Achievement of financial outturn**
- **Achievement of quality standards**
- **Achievement of envisaged timescales**
- **Views of unsuccessful tenderers on procurement process**
- **Performance of relevant contractor/successful tenderer**

The results of the post project review are collated by the procurement section and used to:

- **Provide ideas for future improvements in procurement processes**
- **Provide ideas for possible improvements in quality specifications**
- **Ensure that areas that worked well are repeated**
- **Monitor performance of procurement process in relation to time, quality and satisfaction of all stakeholders**
- **Monitor performance of procurement team (to keep good teams together and target training needs where required)**
- **Monitor performance of contractors/suppliers**

Key Actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers should:

- Understand the importance of post project evaluation and ensure lessons learnt are used in future decision-making
- Ensure they are adequately equipped with the necessary skills

Service – Service Managers should:

- Understand the importance of post project evaluation and ensure lessons learnt are used in future decision-making
- Agree and prioritise key issues for examination at the post project evaluation stage
- Ensure they are adequately equipped with the necessary skills

Assets – Asset Managers and Property Managers should:

- Develop robust post project evaluation methodology and agree with relevant service departments
- Ensure they are adequately equipped with the skills necessary to carry out post project evaluation
- Monitor performance of contractors/suppliers and use the information to inform future procurement activities

Impact on Outcomes

Customer and Stakeholder Satisfaction:

- The use of a formal approach to option appraisal provides a consistent framework for decision-making that will provide a sound basis for discussions with stakeholders regarding capital projects
- The use of whole life costing enables an authority to map out property requirements for the future and improves consideration of stakeholders' requirements over the life of an asset
- By aligning the capital programme more closely with corporate objectives and priorities, the use of a capital project prioritisation system makes an authority better placed to increase customer and stakeholder satisfaction
- Good practice capital prioritisation systems will include issues such as the potential for partnership working and consultation with stakeholders as part of the scoring of projects
- Key stakeholders should be involved in the procurement process, thus increasing satisfaction levels
- Meeting the future needs of customers and stakeholders is the main purpose of corporate project management. Users will judge a project in terms of inconvenience to them versus the benefits to them of the completed project. Effective corporate project management will maximise the chances that stakeholders are satisfied with the results
- Post project reviews provide information on how property can be improved to meet the needs of customers and stakeholders

Compliance with Statutory/Regulatory Codes:

- All feasible options included in an option appraisal should meet any relevant statutory and regulatory codes
- The use of whole life costing provides a framework within which to forward plan compliance for future increased standards
- Good practice capital prioritisation systems will include compliance with statutory and regulatory codes as part of the scoring of projects and hence will promote a greater consistency of compliance across the authority
- Post project reviews should include the achievement of the required codes

Sustainability:

- Good practice in option appraisal includes the environmental costs and benefits of proposed capital projects
- The use of whole life costing ensures that a long term perspective is taken on environmental issues in asset management
- Good practice capital prioritisation systems will include the impact on the environment as part of the scoring of projects
- Good corporate project management ensures the delivery of environmental objectives in asset management
- Post project reviews should include the achievement of environmental objectives

Compliance with Statutory / Regulatory Codes:

- Ensure compliance with procedures particularly where service users views of quality/suitability considerations are required to be taken into account

Improved Corporate Management:

- Consideration of Stakeholder views/needs will demonstrate the intention to manage the estate in an accountable manner

Environment:

- Inform prioritisation of environmental initiatives and objectives into property solutions based on stakeholders' views eg consideration of meeting property asset needs through refurbishment of heritage assets.

5 - Performance Management and Data

Performance Management

What needs to be achieved

Effective performance management is critical for the success of a well run Asset Management Service. Performance management is about: -

- Achieving Authority aims and objectives through effective Asset Management
- Prioritising what is important and what gets done
- Motivating and managing staff and partner organisations
- Measuring and communicating success
- Improving perception of service provision

To be effective performance management should not be isolated to property performance alone. Performance management within the asset management function should link and overlap with authority wide corporate strategy and contribute to service aims and objectives.

Doing it in practice

To be successful an authority should: -

- ensure that performance management is not over complicated. Performance messages should be clear and linked to key issues;
- ensure the authority's key aims, aspirations and objectives are the foundation of any performance management system;
- translate these aims into specific measures and targets relevant to Asset Management;
- prioritise measures and targets based on importance to the authority. Many authorities concentrate on the nationally imposed indicators for their asset performance measurement. Whilst many of these are valid, they can never be as valuable to an authority as local measures derived from authorities own aims and objectives or indicators showing improvement in front line service delivery where effective Asset Management may have some contribution;
- make sure targets are Specific, Measurable, Achievable, Relevant and Time bound. (SMART);
- challenge whether measures identify good and bad in relation to property performance;
- ensure that performance targets cover the short, medium and longer-term aims for the property estate;
- ensure that staff who are best positioned to contribute to the delivery of measure and targets have the power/ownership to do so;
- ensure that measures and targets are communicated to all relevant stakeholders;
- ensure that systems are in place to handle and collate performance information;
- regularly review and challenge performance against the measures and targets so that improvement in performance can be aligned with targets/goals;
- measurement and collection of data should not be seen as an end in itself. It is important that Asset Managers do not lose sight of the fundamental objectives of the performance management i.e. To improve service delivery and improve accountability;

- compare performance/performance improvement with other authorities both on a national and local scale and with the private sector to identify ways that performance can be improved or improvement accelerated;
- address poor performance where it is identified;
- adopt performance measures that focus on the things that matter most or where performance is known to be poor. It is better to concentrate on a small group of key measures than to measure lots of things that have little impact or importance; and
- revisit measures and targets on a regular basis to ensure that the right things are being measured. Constant changing or redefinition of performance measures can impede benchmarking, but you do need to make sure that when priorities or performance changes, that the performance measures reflect these changes.

Performance Management within Asset Management

There are a number of significant areas where performance management has historically been under utilised within the area of Asset Management:

- how assets can contribute to the authorities key aims and objective;
- how assets can support and contribute to the effectiveness of frontline service delivery including user satisfaction, suitability and sufficiency information;
- maintenance – Performance management examining the effectiveness of maintenance regimes including specific issues such as whole life analysis of component materials;
- energy use and environmental performance over the life of assets;
- performance and targets for income of investment portfolio;
- challenging why an authority is holding surplus property;
- challenging shortfalls in provision; and
- challenging duplication of provision with other authorities/agencies.

Good Practice Example

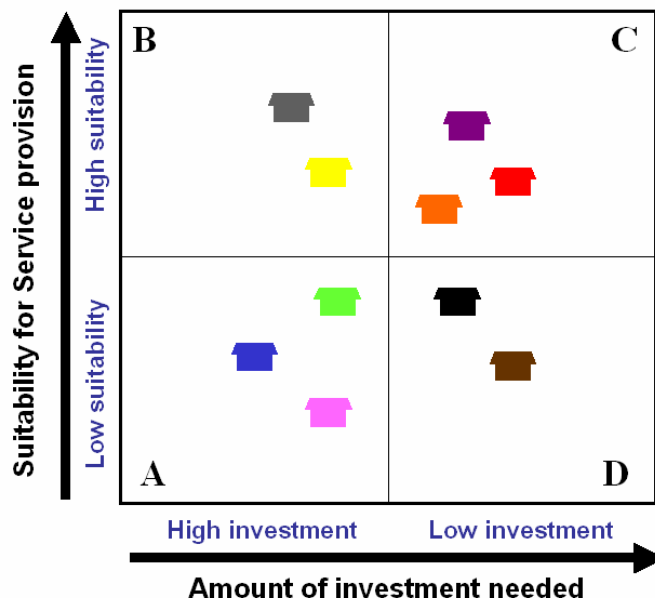
A county council collects data for all its property in relation to: -

- Suitability for service need; and;
- Condition/required spend on maintenance and rectification (includes spend requirement for bring property up to standard in issues such as accessibility, fire, health and safety, etc.)

The authority then maps out all similar service properties on a graph similar to that set out below to enable key questions to be raised and decisions made.

- Property positioned in box A would have low suitability and require heavy investment to bring up to an acceptable standard so would be seriously considered for disposal.
- Property positioned in box B would have high suitability so would be generally be targeted for investment to bring up to a suitable condition.
- Property positioned in box C would be both suitable and have little maintenance requirement so would be a lower priority for immediate action.
- Property positioned in box D would be in good condition but not suitable for the service provision so would either be considered for re-use for another service or disposal if the council could not fully utilise it.

Often data is collected but not used for decision making, a simple graphical approach, such as this can often highlight key issues to enable decisions to be made.



Key actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers should:

- Make sure they receive information on relevant property performance
- Make decisions taking into account property performance
- Agree and prioritise targets for property performance
- Address poor performance where identified
- Provide resources necessary to collect and analyse information

Service – Service Managers should:

- Make sure they receive information on relevant property performance of their service portfolio
- Ensure that property PIs are an integral part of service reviews
- Make decisions taking into account property performance of their portfolio
- Agree and prioritise targets for property performance relevant to their service

Assets – Asset Managers and Property Managers should:

- Develop systems to highlight performance of assets
- Develop targets based on corporate/service priorities
- Report on performance on a regular basis
- Ensure that methodology for reporting to members is appropriate

‘Non Operational’ Property

What needs to be achieved

Many local authorities hold property that may be classed as ‘Non operational’. This could include: -

- **Property that may be held for so called social reasons e.g. local shops on a housing estate or industrial units to encourage local area regeneration.**
- **Property that might be termed as the ‘investment portfolio’, that is a group of commercial non-operational properties that are held primarily for financial return.**
- **Property held for future planned development.**
- **Surplus property**
- **Heritage assets held for environmental reasons**

Authorities need to regularly review and challenge their non-operational estate and the reason for which it is held: -

- **Property held for social reasons should regularly be challenged to ensure the reasons for holding should property are still valid.**
- **The investment portfolio should be challenged to ensure it provides a revenue stream that supports operational budgets, and/or, it provides capital growth in investment values that can be released to support the authority’s capital programme.**
- **Property held for future development should be analysed to ensure that it is still required.**
- **Surplus property should be disposed using a robust approach that a suitable market value income.**

Doing it in practice

The management of a non-operational portfolio of property involves different issues and requires different skills to those required for managing an operational portfolio, where the delivery of services is the driver. Here there are a number of key issues that need to be taken into account. These may include social reasons linked to the authorities aims and objectives; financial return, revenue income or capital growth related to investment property investment

property; or future development potential.

Possible areas for action include:

- being clear why the authority holds these properties. The key point is to be clear on the purpose for retention of the land. Not many authorities that hold non-operational property regularly challenge the reason they are held, and this can lead to lack of direction and confusion in their management. For example, properties that are held for economic development purposes (e.g. business starter units) are not 'investment' properties, as their main purpose is likely to be job creation rather than financial return. Similar confusion can arise over the status of development land held in a 'land bank' – the land will in some circumstances be held for long term investment return but sometimes the land could be held for development that will regenerate the area;
- making an explicit strategic statement of what the authority expects from its investment portfolio, whether that be capital growth or increased revenue stream, or a mixture of the two. This should include performance targets against which subsequent performance can be measured and should include a range of short, medium and long-term targets;
- using a range of performance measurement tools to monitor performance. The National Asset Management Performance Indicator (Internal Rate of Return) is one such tool related to investment property;
- ensuring that performance measurement takes account of the real cost of managing the portfolio. Some properties will require more intensive management than others depending upon the property type, the terms of third party lettings, the frequency of rent reviews and the nature and quality of the tenant. Decisions on retention, investment or disposal should not be made on gross investment returns, in isolation from property management costs;
- constantly monitoring portfolio performance to ensure that the returns and performance expected are being achieved. This should as a minimum include internal benchmarking at set intervals but might also include an element of external benchmarking. Where external benchmarking is used, care should be taken in ensuring that any benchmarking analysis takes into account of differences in portfolio mix;
- comparing performance of the portfolio against alternative forms of investment available to the authority and possible opportunity costs. If the portfolio is indeed treated as an investment then it should be viewed as one of a range of investment vehicles for the authority and the financial returns from alternative forms of investment must be considered. The authority should be alert to opportunities to switch funds to and from those different forms of investment, into and out of property, in order to secure the best investment return possible;
- taking action in circumstances where individual property performance falls below expectations or targets. Such action might include targeted investment that will improve performance, or disposal. A good 'litmus test' of an authority's attitude to its investment portfolio is whether proceeds from any disposal of investment property will be reinvested in new investment acquisitions;
- reviewing the authority's relationships with its business tenants and consulting with them on ways that dealings could be improved. An improved relationship with business tenants can result in increased satisfaction with the authority as a landlord, resulting in reduced tenant turnover and thus reductions in portfolio management costs;
- developing a formal tenant selection policy, including formal procedures for taking

and assessing business and bank references. One of the biggest contributors to portfolio management costs can be chasing rent arrears, rent write-offs and dealing with issues arising from breaches of lease covenants. Better selection, means better tenants, means lower management costs; and

- obtaining timely investment advice from specialist investment advisors as required. This could take the form of periodic general reports on the portfolio including advice on portfolio strategy, or could be specific advice on individual property decisions.

Good Practice Example

One local authority has undertaken a Best Value Review (BVR) of its Commercial Property Portfolio in order to introduce some element of challenge for the authority's purpose in holding the portfolio.

The conclusion from the BVR was that the portfolio was held for financial purposes, and this acceptance by officers and elected members was critical in directing future management of the estate.

This has empowered property officers to undertake performance analysis of the portfolio and bring forward proposals for the disposal of poorly performing properties, and properties that are management intensive.

Key Actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers should:

- Challenge their thinking on the purpose of holding non-operational property
- Treat property as one investment within an overall Investments Strategy adopted by the authority
- Think about what the key outputs should be for the portfolio and make clear statements of expected performance
- Demand regular portfolio performance reports, using internal & external benchmarking and comparison with other investment vehicles
- Be prepared to acquire property for investment as well as to dispose of poorly performing property

Service – Finance Managers should:

- Increase their knowledge in the area of property analysis
- Provide advice on minimum levels of performance return that should be expected from the property portfolio, when compared to other potential forms of investment
- Develop an Investment Strategy for the authority, that includes the property investment portfolio as one element

Assets – Asset Managers and Property Managers should:

- Increase their knowledge in the area of property investment analysis
- Undertake a data analysis on key performance information relating to their portfolio, including an analysis of property management costs
- Think in terms of both overall portfolio performance and individual asset performance
- Produce a strategy (3-5 years) for the future management of the portfolio

Programme of Property Reviews

What Needs to be Achieved

Property reviews are an important element of implementing asset management planning and can, for example, be a powerful mechanism for identifying surplus land and property and taking a strategic view of the occupation of office space. Good practice in relation to reviews involves:

- **Implementing a formal programme**
- **Integrating across the whole authority**
- **Challenging the use of property resources**
- **Focusing on the quality of service delivery**
- **Involving elected members**
- **Targeting the review process**
- **Implementing priority actions as soon as possible**
- **Facilitating cross-service/organisation working**

Doing it in Practice

Property review is a generic term that covers an investigation of a specific property issue or a related group of property issues and can include:

- area reviews
- service reviews
- accommodation reviews
- non-operational property reviews
- functional reviews
- corporate themed reviews
- policy and procedure based reviews
- vacant and under-utilised land and property reviews

The following eight elements of good practice have been identified in relation to undertaking property reviews:

- implementing a formal programme of reviews over an appropriate timescale, rather than carrying them out on an ad hoc basis;
- employing a systematic approach to reviewing the property portfolio integrated across the whole authority;
- linking the reviews directly to achieving the objectives and priorities of the authority and challenging the use of property resources;
- focusing on improving the quality of service delivery, as well as financial targets such as the generation of capital receipts;
- involving elected members whenever possible and relevant in order to provide valuable local knowledge for reviews;
- targeting the review process based on property performance information provided by the corporate property database;
- implementing priority actions at an early stage without necessarily waiting for reviews to be totally completed; and
- facilitating cross-service/organisation working on the use and development of property assets.

Based on the challenge element, property reviews can be a powerful mechanism for identifying surplus land and property. In particular, area reviews can provide a vehicle for taking a fully corporate view of the identification of surplus assets through an integrated cross-service and cross-organisation assessment of the use of land and property. This helps to ensure, for example, that assets are not declared surplus to requirements from a narrow departmental perspective without considering not only the needs of other service areas and partners but also the property implications of opportunities for cross-service/organisation working.

Accommodation reviews need to consider the authority's strategic approach to the occupation of office space. In particular, good practice authorities are:

- preparing an accommodation strategy that translates the medium term revenue budget and workforce development plan, including posts funded through external grant regimes, into the future requirement for property;
- specifying a range of space utilisation standards in terms of square metres per person for different categories of office accommodation (adjusted, where necessary and appropriate, in the use of heritage assets for operational purposes);
- charging service areas 'above the line' asset rents for the occupation of office space that are budget neutral at the space utilisation standard (see Section 1);
- introducing flexible working arrangements that use the available office space as efficiently as possible; and
- exploring the potential for co-location with partners in order both to enhance the quality of service delivery and to maximise the efficiency with which property is used.

Good Practice Example

Following on from a Best Value review of asset management, the Cabinet approved a rolling programme of area property reviews. The council used to undertake reviews prior to the introduction of corporate asset management planning, but these had a narrower focus on generating capital receipts to fund the investment programme and the approach adopted was less corporate. In contrast, the objectives of the current programme of reviews are to:

- improve the quality of service delivery
- optimise the utilisation of property
- reduce property running costs
- generate capital receipts
- maximise the return on investment property

Guidance Notes for the property reviews have been issued outlining the methodology used by the Property Review Study Group in terms of collection of data, analysis of needs, prioritisation of issues, assessment of outcomes and formulation of strategy. More targeted reviews are now being undertaken, which means that implementing priority actions will not be dependent on waiting until all property in an area has been looked at and the review has been completed. The Corporate Property Database is used to identify the priority issues to be addressed.

Key Actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers should:

- Ensure the authority has a robust process for challenging its use of property assets and for identifying surplus land and property
- Make the best use, within a corporate framework, of the local knowledge of elected Members in relation to the use and development of land and property
- Ensure that the results of property reviews are implemented as quickly as possible so as to maximise the efficiency with which the authority uses its assets

Service – Service Managers should:

- Work with other service areas as much as possible to ensure that, from a corporate perspective, the authority is making best use of its property assets
- Articulate a clear view of the property implications of the Department's medium and long-term vision for service delivery

Assets – Asset and Property Managers should:

- Ensure that the available property performance data is sufficiently comprehensive, robust and up-to-date to support a programme of targeted property reviews
- Issue clear guidance on the process for undertaking property reviews

Data Management

What needs to be achieved

The amount of data required to be collected in relation to Local Authority Assets has mushroomed in recent years. The core requirement for authorities to collect condition and backlog data on their assets alone has meant that many have had to develop new systems and procedures to cope with the amount of information involved. When this is added to traditional property information such as Land Terrier and ownership details, energy consumption etc., as well as more recent requirements such as the national indicators, the amount of data required becomes immense. In particular the sophistication of systems, and processes to manage such information becomes crucial.

Local Authorities therefore need to collect a wealth of data to enable them to effectively manage their assets, inform strategy/policy, support performance management and enable them to prioritise service provision.

Doing it in practice

The data requirements for collection can vary slightly but the majority of authorities will need to collect similar information. The following list is not intended to be comprehensive but should give an indication of the range and type of data that needs to be collected: -

- Condition of Property as per national requirements
- Information on Backlog of maintenance across the authority
- Core/basic data on property e.g. location, age, ownership, occupancy, valuation and UPRN (unique property reference number)
- Suitability information ('fitness for purpose')
- Sufficiency information (quantum)
- Energy/water usage (consumption) and performance (e.g., BREEAM, Energy Certification, Sustainable Building Code)
- Accessibility issues
- Legislative information such as asbestos and Legionella details, health and safety/fire issues
- Whole life cost information
- Data in relation to National Asset Management Indicators where not included above
- Local indicators specific to the authority's corporate aims and objectives or service priorities
- Space and temporal utilisation information
- Maintenance spending patterns (e.g., reactive versus planned spending)
- Financial performance of the Investment (or Commercial) Portfolio
- Listed building status

In order to manage property data effectively an authority should:

- ensure that all data collected is relevant and has a clear purpose;
- make certain that data is collected by people who are qualified or trained to do so, and who understand the purpose for which the data will be used;
- make sure that data collection is undertaken in such a way that all data is prioritised, accurate and reliable;
- put a programme in place to keep data regularly updated and current. Frequencies of collection should be based on importance of the data and risk;
- continually monitor data collected to ensure that it is still relevant;
- develop systems/ procedures to collect and collate data in a coordinated/coherent way;
- ensure that where data is collected or transferred from other systems it is in a compatible format with the system used for collation and analysis;
- the authority should ensure that data is in a format that enables it to be presented to relevant stakeholders and that can be examined, evaluated and suitably acted upon;
- use data to plan, programme and monitor future performance;
- ensure that data is 'owned' and made available, easily used and understood by front line service offices and the corporate centre irrespective of who collects the data and where it is housed;
- make sure that data can be linked and coordinated with other relevant existing or planned databases;
- collect data in such a way that it can be capable of comparison both internally and externally outside the authority; and
- ensure that data systems are flexible for future data collection and storage needs.

Good Practice Example

A county council has an extensive property portfolio. Historically information was incomplete and the data that was collected held in a number of different places and on a number of different systems. It was almost impossible to get clear information on property performance in any area.

The council invested in a asset management software package that was maintenance centrally by the strategic asset management section. They carried out a data audit and transferred all currently held data from whatever source on to the central system.

This enabled them to identify which data was missing, where data was collected in inconsistent ways and where data was out of date.

The council then designed a data gathering/survey programme to collect the missing data and then to ensure that data would be always kept up to date.

It was not practical to collect condition information every year so the council instigated a rolling 4-year programme of condition surveys. Other information surveys e.g. fire and Legionella are collected on a more regular basis to ensure compliance with legislative guidelines.

The council now is confident that property information is up to date, and all relevant staff can access the information easily, enabling property evaluation and decisions to be made in confidence.

Key actions for Lead Members and Officers

Corporate – Lead Members and Chief Officers should:

- Be sure that they are made aware of relevant key property data
- Utilise as much property data as possible when making key property decisions
- Ensure that resources are made available to collect and update relevant property data

Service – Service Managers should:

- Be sure that they are made aware of relevant key property data for their service portfolio
- Utilise as much property data as possible when making key property decisions from their portfolio
- Actively contribute to data collection exercises where relevant

Assets – Asset Managers and Property Managers should:

- Identify data requirements for property and develop an approach for collection and updating
- Develop systems for recording/collating data and keeping relevant
- Develop approaches to take account of all relevant data when advising on key property issues
- Do not underestimate the time taken to collect data and develop a suitable system for analysis

Impact on Outcomes**Customer and Stakeholder Satisfaction:**

- Improve performance Management will contribute demonstrably to the effective short and longer term effectiveness of the property estate
- Key stakeholders will be able to judge how property is performing and be able to get involved in decision making process
- Improved satisfaction of business tenants can reduce tenant turnover and cut portfolio management costs. It can also reduce the burden on support services such as treasury and legal.
- Property reviews can be an important vehicle for engaging with customers and stakeholders about the use and development of assets.
- Better data management will demonstrate how property is succeeding in delivering council objectives and users will be able to judge how property is performing

Affordability:

- Performance management will help to identify under performing property, allowing timely decisions to be made and will enable capital to be deployed effectively through analysis of robust performance management framework
- Better performance and data management will provide more accurate information when considering options on new projects
- Where capital receipts from property disposals are not recycled within the Investment Strategy these can help to support the authority's capital programme
- Better tenant selection can be critical in reducing portfolio management costs
- Property reviews can be a powerful mechanism for identifying surplus land and property and hence for generating best value in the provision of asset to support service delivery
- Better data management will ensure more robust financial planning and value for money and will enable capital to be deployed effectively

Compliance with Statutory / Regulatory Codes:

- Performance management will ensure assets' extent of compliance is properly evaluated

Improved Corporate Management:

- Effective performance and data management will ensure that the Council's Assets are being managed in an accountable manner
- Will provide a clear demonstration that the authority treats its property investments seriously and manages them in accordance with the principles of Best Value

- Clear vision of purpose will ensure efficient decision-making within a long term strategic direction
- Property reviews are a mechanism for aligning the authority's use of property assets more closely with corporate objectives and priorities and hence promoting improved corporate management

Environment:

- Management of environmental related performance information will support measurement of the costs and benefits of environmental policies

6 - Capacity Building

What needs to be achieved

These guidelines have suggested some of the key actions that should be taken to ensure successful Asset Planning and Management. In effect they have described actions that require corporate leadership and strategic management skills as well as property skills. Most service providers in local authorities (be they front line services or support services) have been trained in the skills required to deliver those services rather than the strategic management skills required to manage a corporate resource. Equally those involved in delivering property services tend to be strong in technical property matters but perhaps not so strong in strategic asset management skills.

In addition, prior to the turn of the millennium there had been little priority placed on strategic asset management in most authorities and even now stretched staff resources may not spend sufficient time on it.

Therefore capacity to undertake strategic asset management has two elements:

- Availability of staff to do the work
- Skills

It is not the purpose of these guidelines to suggest the varying priorities for the deployment of staff within a local authority. Nonetheless it is true to say that successful strategic asset management is not a “part time” job. In many authorities, it requires a small number of dedicated staff engaged upon it all year round. It is suggested that authorities review their staffing priorities in front line services, in the corporate centre and in property services to ensure that sufficient staff resources are available to undertake strategic asset management. The service and financial benefits are likely to be high in the medium term, which will more than justify the staff commitment.

It is the purpose of these guidelines to suggest that capacity should be built through skill development assuming that the staffing resource is available. Skills need to be built in each of three areas:

- Strategic Leadership and Management
- Corporate Project Design and Corporate Project Management
- Strategic Asset Management

Capacity building may be provided by:

- Training and development programmes
- Longer term sponsored education (e.g. MBA, MSc, Diplomas, Certificates, Specialist Programmes)
- Targeted external conference/workshop/seminar attendance
- Structured self learning
- Managed personal development plans
- Outside challenge and mentoring
- Consultancy support aimed at knowledge transfer
- Working with other organisations that are dealing with similar issues especially local authorities

Capacity building should not be seen as an “optional extra”. In many local authorities these skills need development and this should be programmed and properly funded. The investment should be aimed at, and should result in generating improved benefits to the Council through service and/or financial improvements.

Doing It in Practice

An overview of the suggested skills needed is as follows:

Strategic Leadership and Management

These skills are mainly aimed at the member(s) and senior manager(s) involved in leading the asset management agenda. The full list is applicable to the officer charged with leading Corporate Asset Management within the authority. Others involved in leadership and management of corporate asset management may only require some of skills listed.

The Skills Needed

Understanding of:

- the difference between Corporate Asset Management and Property Management and the principles of Corporate Asset Management
- the ethos of the modernisation agenda and the core corporate and service aspirations of the Council
- local government finance
- the key elements of Council services and their funding
- business planning and business process
- sustainability and environmental issues

Ability to:

- engage, persuade, advocate and present
- lead and build a corporate team including dedicated asset management staff
- manage strategic change and culture and develop the organisation to achieve corporate asset management
- undertake strategic resource management (with other strategic resource managers)
- manage strategic performance
- remain results focussed and stay the course

Corporate Project Design and Corporate Project Management

These skills are mainly aimed at senior and middle managers with responsibility for implementing major corporate change projects where property is one of the main, or the main enabler.

The Skills Needed

Understanding of:

- the principles of property and construction
- the key linkages within corporate projects involving property
- the appraisal of business options
- the difference between feasibility project management and property project implementation
- the principles of change management
- the key elements of Council services
- IT support available for project design and management

- sustainability and environmental issues

Ability to:

- project plan including critical paths
- assess and manage corporate risk
- manage a project team and/or be an effective team player in a project team
- monitor projects and ensure their implementation
- communicate within the team and manage communication outside
- use IT in project design and management

Strategic Asset Management

These skills are mainly aimed at the key staff that are responsible for co-ordinating and delivering effective asset management across the council. Clearly not all the staff will need to possess all of these skills, but all the skills will need to be present amongst the staff that are responsible for asset management.

The Skills Needed

Understanding of:

- corporate asset management and the principles of property and building
- the core corporate and service aspirations of the Council
- local government finance
- the key elements of Council services and their funding
- the principles of business planning and business process
- the principles of performance management
- property and property services procurement
- outsourcing of property and property services
- IT support for strategic asset management
- sustainability and environmental issues

Ability to:

- assess the implications of corporate initiatives on the asset base
- prepare business plans for assets
- develop data systems and manage data collection and analysis
- manage property budgets on a corporate scale
- analyse data and present findings and conclusions
- measure corporate asset performance
- manage and implement corporate wide capital and revenue programmes related to assets
- evaluate projects and prioritise programmes
- lead special project teams and corporate groups and/or be an effective team player in such teams
- manage the procurement process for assets and property services and manage subsequent contacts
- set up and manage service level agreements
- engage and work closely with non-asset staff in services and in the corporate centre of the authority and with other stakeholders and partners as necessary
- use IT to facilitate better asset management

Sharpening Skills for Members involved in asset management, Senior Officers, Service Managers, Asset Managers and Property Managers

Members involved in asset management may find it helpful at heighten their awareness in the following areas:

- the principles of property and construction;
- the impact of the modernisation agenda on assets (the asset management agenda);
- the difference between Corporate Asset Management and Property Management and the principles of Corporate Asset Management;
- the financial background to assets;
- principles of business planning, business process and business case assessment for assets; and
- an overview of leadership, change management and performance management skills in relation to asset management.

Senior Officers may find it helpful at heighten their awareness in the following areas:

- the principles of property and construction;
- the impact of the modernisation agenda on assets (the asset management agenda);
- the difference between Corporate Asset Management and Property Management and the principles of Corporate Asset Management; and
- the appraisal of business options for assets.

Service Managers may find it helpful at heighten their awareness in the following areas:

- the principles of property and construction;
- the impact of the modernisation agenda on assets (the asset management agenda);
- the difference between Corporate Asset Management and Property Management and the principles of Corporate Asset Management;
- the financial background to assets; and
- principles of business planning, business process and business case assessment, project design and project management, data management, performance management and the use of IT for assets.

Asset and Property Managers may find it helpful at heighten their detailed knowledge in these areas.

Good Practice Example

A local authority has developed an asset management training programme involving in-house providers and outside trainers/facilitators. The programme covers:

- Member and senior officer seminars on asset management and leadership in asset management
- Awareness programme for all members
- Awareness programme for service managers
- Mentoring for the Head of Asset Management
- Skills development for asset management staff through seminars and training programmes

Key Actions

Corporate – Lead Members and Chief Officers should:

- Ensure that there are sufficient staff resources to undertake strategic asset management in the authority;
- Ensure that resources are made available for staff development in asset management
- Undertake appropriate development themselves

Service and Assets – Service Managers, Asset Managers and Property Managers should:

- Develop suitable programmes
- Undertake appropriate development themselves
- Ensure that all staff are developed appropriately

Impact on Outcomes

Customer and Stakeholder Satisfaction:

- Will enable improved engagement of stakeholders
- Will enable proper debate and assessment of future options

Affordability:

- Will ensure better understanding of resource availability, funding options, financial appraisal and other resource implications
- Will precipitate release and redeployment through improved understanding of business processes for assets
- Improved option assessment, programme evaluation and corporate project management will result in better use of “new capital”

Compliance with Statutory / Regulatory Codes:

- Will evidence commitment and development of competencies in compliance with codes.

Improved Corporate Management:

- It will be clear that the Council is committed to successful asset management (rather than being aspirational) as it will be creating the resource capacity to undertake the work involved

Environment:

- Will support development of efficient environmental initiatives in asset management

Appendix A - The Overall Content of an Asset Plan

**(Based on the CLAW [Consortium Of Local Authorities In Wales] Publication
“Supplementary Guidance to Asset Management Planning in Wales” – March 2003)**

Introduction and Context

- The Council
- Corporate Planning Framework
- Corporate Goals and Objectives
- Organisational framework

Corporate Asset Policy

- Corporate Asset Objectives
- Headline Performance Measures
- Stakeholder Views
- Government policy and Statutory Responsibilities
- The Resource Context

Changes in the External Environment and their Implications for Property

- E-government
- The Market for Accommodation and Support Services Provision
- The Market for property services
- The Property Market
- Other

Service Delivery and Accommodation needs

- Overview
- Council Services
- New Working Practices within the Council
- Other Relevant agencies and their possible Joint Accommodation Requirements

Likely Future requirements

The Existing Portfolio and its Current Performance

- Statement of the Existing Portfolio and its performance
- The Asset Management function

Review and Challenge

- Gap Analysis
- Review of Asset Strategy, Property Objectives and Delivery Mechanisms
- Review of Roles and Responsibilities for Property
- Review of Decision Making Processes

Options Appraisal

- Strategic Options
- Options Appraisal
- Preferred Strategy Option

Asset Management Programme

- Capital programme
- Revenue programme
- Responsibilities for Implementation
- Timetable for Implementation
- Overall Programme

Appendices (containing detail as necessary)

Appendix B - Bibliography and Further Information

- “Asset Management of Local Authority Land and Buildings – Good Practice Guidelines” – Department of the Environment, Transport and the Regions – 2000
- “Development and Implementation of Corporate Capital Strategies and Asset Plans, Baseline Report” – York Consulting Ltd – available at www.local.odpm.gov.uk/reseach/index.htm
- “Finding the Right Solution” – jointly commissioned by the Department for Education and Skills and the Office of the Deputy Prime Minister and available at www.dfes.gov.uk/amps
- “Appraisal and Evaluation in Central Government” (“The Green Book”) available through HMSO or on-line at www.hm-treasury.gov.uk
- “Comprehensive Project Appraisal – Towards Sustainability” – Royal Institution of Chartered Surveyors / Environment Agency – 2001
- “Making the Right Choices” – Chartered Institute of Public Finance Accountants – 1996
- “Option Appraisal and the Outline Business Case” – Public Private Partnerships Programme (4Ps)
- “While Life Costing and Cost Management Procurement Guide” – OGC – available at www.ogc.gov.uk
- “A Client’s Guide to Whole Life Issues”- available at www.clientsuccess.org.uk
- Fact sheet on whole life costing available from Constructing Excellence at www.constructingexcellence.org.uk
- Whole life costing support available from the Building Research Establishment at www.bre.co.uk
- Procurement and other advice available from the Improvement and Development Agency (IDeA) available at www.idea.gov.uk
- Support available from IPF at www.ipf.co.uk
- ‘Public Participation in Local Government – A survey of Local Authorities’ published by The Office of the Deputy prime Minister www.odpm.gov.uk/stellent/groups/odpm_localgov/documents/page/odpm_locgov_030252.pdf provides the findings of a survey into the range and extent of public participation initiatives
- ODPM have also produced another guide entitled ‘Guidance on enhancing public participation’ http://www.odpm.gov.uk/stellent/groups/odpm_localgov/documents/page/odpm_locgov_023830.hcsp which provides some useful advice/techniques.
- A simple guide entitled ‘Let’s Talk about it – Principles for Consultation on Local Governance is available from the Local Government Association. www.lga.gov.uk
- ‘Consultation – A briefing paper’ is available from the Improvement and Development Agency. www.idea.gov.uk
- www.ipfproperty.net provides a number of examples of questionnaires used by authorities for Capital Prioritisation and suitability assessments.
- www.IPFproperty.net - Provides an extensive member-only library for Asset Management within Local Government and access to Asset Management related events. The network also provides an active discussion forum where queries can be raised on any aspect of asset management.
- A similar member only network is available to look at education specific Asset Management available at <http://www.pillar.sagnet.co.uk/amp.htm>.
- The Beacon Council Scheme can be accessed at <http://www.idea.gov.uk/beacons/>
- The Core Cities Asset Management Group contacts can be obtained from <http://www.corecities.com>
- Details of The Corporate Real Estate Group of the Royal Institute of Chartered Surveyors can be obtained from <http://www.rics.org/cre/>
- www.idea.gov.uk have produced a ‘Managers Guide – To performance Management’

- The Audit commission have a number of publications on performance measurement and Management including Aiming to Improve - The Principles of Performance Measurement – www.Auditcommission.gov.uk
- Details of the Investment Property Databank (IPD) can be found at <http://www.ipdindex.co.uk>
- “Managing Local Authority Heritage Assets” - English Heritage
- “Economic Performance of Listed Buildings” – RICS