RICS Public Sector
PROPERTY ASSET MANAGEMENT Guidelines
2ND EDITION
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The value of the publicly owned property estate, estimated to be in the region of £700 billion, explains why so much reporting and research has been carried out over the last 25 years into how the portfolio should be managed, used, developed and financially re-engineered. Has this ‘outpouring of thinking’ resulted in an improvement in the management and the quality of the services delivered to customers from these property assets?

The results have been mixed. Some organisations made great progress by using property more collaboratively, efficiently, effectively and economically. Many public bodies, however, still have a long way to travel.

Property is a powerful force in organisational change, in identity branding, in inspiring innovation and in encouraging improvements in productivity and service quality. It is, though, an asset which responds only slowly to change, so it is important to build in the flexibility in design and fit-out which will allow occupying organisations to change their service delivery in response to changes in customer demand or political direction.

Managing property assets requires co-ordination with all parts of an organisation. It is strategic and business led and requires the co-operation of the whole organisation to be successful and in order that the most effective space is delivered.

It is against this backdrop that this second edition of the RICS Public Sector Property Asset Management Guidelines is published. It is hoped the guidance will assist property asset managers in the complex challenge of property asset management. It is also designed to provide informed insight for all RICS members interested in property asset management. Operational business managers and politicians whether at local government or national level will also find the Guidelines add to their understanding of the subject.

Those who have read the 2008 RICS Public Sector Asset Management Guidelines will find new and rebalanced material in this 2012 second edition which we hope will find an equally favoured place on the desks of all property asset managers.

Keith Jones and Alan D White
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The subject of property asset management in the public sector has not been far from the headlines over the last decade. Every local authority, public health and higher education body and government department has been tasked to reduce their property asset and cost base and produce savings without adversely affecting the efficiency and quality of front-line services to customers. This is a tall order given that the financial constraints on the public sector mean that there is, in addition, substantial year-on-year capital and revenue budget reductions, so managers must do more than just cut staff, outsource service delivery and cancel capital spending plans. The situation they are facing calls for a change of strategy in which property asset management becomes a critical strategic piece in the ‘re-engineering jigsaw’.

THE PURPOSE OF THESE GUIDELINES

This publication is a timely addition to the desktop of those managers involved with the administration of public sector resources, whether they are business managers, property and construction professionals, consultants, or politicians. The purpose of the Guidelines is twofold: first, to provide direction and assistance to those involved with public sector property asset management and, secondly, to provide insight to those on the ‘fringes’ to explain what is involved and the benefits which will accrue in terms of reduced operating costs, better quality accommodation, more productive staff and satisfied customers. The property asset management process is covered from the point of involvement of property asset managers in the development of corporate business strategies through to the measurement of plan outputs.

The Guidelines will assist managers in formulating a property asset management plan, delivering a portfolio of space in accordance with that plan and, thereafter, tracking the post-occupational results of the plan. The use of appropriate performance metrics is explained, measuring both business – and accommodation-related targets. The Guidelines will also assist managers establishing a property asset management function, assessing necessary resources and structures, considering data collection and management and designing the programme delivery process.
APPLICABILITY

The Guidelines will appeal to property professionals throughout the public sector and those providing services to the sector through consultancies and agencies. The principles set out apply equally to central and local government and to organisations irrespective of size or geography. While the benefits of property asset management techniques will be substantial in larger public bodies with a large portfolio of properties, good property asset management has universal benefits. In smaller organisations the same principles apply but property asset plans and processes will be more streamlined and proportional to the smaller size and reduced complexity of the organisation and its property.

This publication is the second edition of the RICS Public Sector Asset Management Guidelines. While some chapters will appear familiar from the first edition, others have been rewritten and significant new material has been added. The text assumes experience of both property and business issues and explains the imperative linkage between business delivery and property assets. While noting where additional information on property issues can be obtained, the Guidelines are not overly technical.

APPLICABILITY TO PROPERTY ASSETS

The term ‘asset’ can be used to describe many different types of assets; for example, road infrastructure, plant and machinery, equipment and property. In this publication ‘asset’ is used to refer to land and buildings, that is, real estate in the strict legal sense. The strict descriptor of the subject is ‘strategic asset management for land and buildings’, but for simplicity the reference throughout will be to ‘property asset management’.

THE IMPORTANCE OF PROPERTY ASSET MANAGEMENT

Property is the slowest of all business resources to respond to change because of the complexities associated with buying, selling, leasing, altering or developing property. Consequently, most readers will realise that annual incremental short-term ‘tinkering’ with a portfolio of property assets will not result in fit-for-purpose accommodation. Very soon, such an under-managed portfolio will be far behind expectations and will not meet the exacting standards of an organisation’s customers, with, for example:

- extensive maintenance backlogs
- energy inefficient, unsustainable portfolios of space
- a poor fit between service requirements and the property from which services are delivered
- poor accommodation for staff, impacting on productivity, recruitment and retention
- limited co-location of public services from different authorities/departments
- ineffective procurement of property and construction and property support services
- inefficient use of capital; and
- insufficient control over running costs.

The vicious circle of the tactical management of property assets is being broken by those public sector organisations which realise that strategic property asset management produces cost effective and productivity enhancing accommodation. They know this approach pleases customers by improving the efficiency of service delivery in locations which are convenient and aesthetically pleasant. Politicians must understand that property asset planning and delivery will not correspond with ‘political cycles’ and furthermore, that policy changes will inevitably lead to a ‘property asset change effect’ which will have a time lag in its delivery and, in all probability, a big price tag.

It is important, therefore, for everyone involved to realise that a structured and programmed approach to the long-term management of public sector property portfolios is needed in order that the best accommodation solutions are provided to deliver the services which customers are demanding from every public organisation. The Guidelines are designed to contribute to this process.

GETTING STARTED

These Guidelines are part of a suite of three publications and are intended for ‘in-depth’ reading on the entire subject of property asset management. Two further publications complete this 2012 RICS series on public sector property asset management.

The first is entitled The Quick Start Guide and provides rapid support for property asset managers keen to get down to the property asset management task. For those who remain sceptical about the value of property asset management plans, the second publication, entitled Senior Decision Makers Guide – An Insight into Property Asset Management will provide ‘high level’ insight and reassurance.
WHAT IS PROPERTY ASSET MANAGEMENT?

Overview

This chapter provides a definition and description of ‘property asset management’ and, for clarity, compares its characteristics to the property management discipline. To add to the understanding of the process, the benefits property asset management brings to an organisation are highlighted, together with some pointers about what good property asset management ‘looks like’. In addition, the property asset management process diagram is introduced and explained.
1.1 Strategic property asset management

Strategic property asset management is the process which aligns business and property asset strategies, ensuring the optimisation of an organisation’s property assets in a way which best supports its key business goals and objectives.

The principal role of the property asset manager, therefore, is to ensure that the right accommodation is provided in line with business needs but the list of responsibilities includes the alignment of property asset and business strategies, ensuring efficiency in space usage and finance and, where possible, planning for public property assets to stimulate wider area economic growth.

All organisations need an accommodation ‘envelope’ to house their staff and to deliver the services they supply to their customers. People (staff), property assets (accommodation), process (goods or services supply), price (affordability) and place (location) are key operational factors and it is the integrated management of these resources by the property asset manager which plays a vital part in determining their success in meeting customers’ expectations.

Organisations use a wide range of resources to operate successfully and so the property asset manager must create effective communication and management linkages right through the organisation in order to carry out the strategic property asset management function effectively.

So, the role of the property asset manager is complex. It combines a range of technical competencies with financial acumen and management skills.

1.2 Property asset management – definitions and descriptions

One of the most significant references to asset management was made by Sir Michael Lyons in his report to the Chancellor of the Exchequer in 2004. In this report, Towards Better Management of Public Sector Assets, he says:

“Asset management is a key part of business planning which connects, at a strategic level, decisions about an organisation’s business needs, the deployment of its assets, and its future investment needs.”

A report in 2006 by Andrew Howarth at the former Office of Government Commerce (now the Government Property Unit), Improving the Capability and Capacity of Managing Property Assets in Central Civil Government, provides further insight:

“Asset Management properly lies at the level of corporate resource management. It is a feature of thinking at a strategic level, which means matching future capabilities to a future environment in order to achieve defined outcomes. Asset management, therefore, aligns itself with strategic resource and ICT management at the business thinking level. Decisions to utilise property assets as an enabler to business planning stem from this level and manifests itself as strategic property management.”

The author goes on to say that ‘strategic asset management is both about how organisational change impacts upon land and built assets and how these, in turn, create opportunities for organisational change’.

In a research paper for the former Office of Government Commerce (OGC) now the Government Property Unit (GPU), Stephen Male of Leeds University, Improving Asset Management in the Central Civil Estate, strategic property asset management in relation to property (land and built assets), is defined as ‘a structured, holistic and integrating approach for aligning and managing over time service delivery requirements and the performance of property assets to meet business objectives and drivers’.

The Institute of Asset Management describes asset management as ‘the management of physical assets – their selection, maintenance, inspection and renewal – playing a key role in determining the operational performance and profitability of industries that operate assets as part of their core businesses’. The Institute goes on to say that ‘asset management is the art and science of making the right decisions and optimising these processes. A common objective is to minimise the whole life cost of assets but there may be other critical factors such as risk or business continuity to be considered objectively in this decision making’.

1.3 Outlining the benefits of property asset management

These descriptive definitions may cause confusion for those without some experience of the discipline of property asset management. Therefore, it will be helpful to look at some other aspects, for example, the benefits to an organisation of good property asset management. These will be financial and non-financial and will include:

- the delivery of quality services to customers, to agreed priorities, while focusing investment on need
- empowering of communities and encouraging feedback
- improvement of the economic well-being of an area
- maintenance of all property assets to good standards
- the introduction of new working practices and organisational change
- a reduction of carbon emissions and the improvement of environmental sustainability
- the introduction of co-location, partnership working and sharing of knowledge between authorities
- the improvement of accessibility to services including DDA/Equality Act compliance
- the generation of efficiency gains, capital receipts and reliable revenue streams; and
- an overall improvement in the quality of the public realm.
1.4 What good property asset management might ‘look like’

Organisations practising property asset management disciplines will:

- prioritise property asset management at a senior level and install a senior executive as property asset ‘champion’
- link the property asset management plan to the corporate vision and policies
- link property asset management with all corporate strategies and work across internal and external organisational and authority boundaries to appropriately align all property asset management strategies to produce aligned partnership asset strategies where appropriate
- review arrangements for capital asset planning to ensure they fit business and property asset strategies
- consider all practical options for financing of new property assets
- ensure that mechanisms are in place to measure customer satisfaction
- collect, analyse, store and keep updated all relevant property asset data
- outline the objectives for each property asset, having considered all practical options
- establish clear strategic approaches to the utilisation of space and flexible working and co-location with partners and stakeholders
- conduct post-implementation reviews of all capital projects; and
- engage with other organisations and share learning to drive a process of continuous improvement.

References to many more reports and research papers on various aspects of public sector property asset management can be found in Chapter 2.

1.5 Property asset management and property management

There is consensus about the basic characteristics of strategic property asset management for land and buildings, but to distinguish this process from property management is more difficult. Figure 1.1 assists in explaining how these management processes interrelate.

Many of the day-to-day property management activities which keep a facility operational are shown at Level 3. These may be carried out by contractors who will be procured by the property manager, often on a portfolio wide basis in order to reduce the number of suppliers. However, many public bodies have in-house teams of facility management staff who provide informed and cost effective services to the organisation. These activities and, particularly their management, are critical to the ability of the occupying unit to deliver services to customers from a fit-for-purpose facility. It is the job of the property manager to ensure that these services are efficiently delivered and that the facility meets the requirements of customers and staff.

Across a portfolio, the property manager will oversee many facilities, perhaps with buildings and transactions managers taking care of maintenance and buying and selling property assets respectively. Level 2 activity defines the property manager’s support role for a number of properties...
and emphasises the delivery of this critical activity for accommodation, perhaps across a whole organisation.

In contrast, the property asset manager ensures that the property asset base of an organisation is optimally structured in the best corporate interest of the organisation. The brief is to align the property asset base with the organisation’s corporate goals and objectives, shown at the apex of the diagram at Level 1. The job requires business as well as property skills and so it is not imperative that the role is filled by a property professional. However, it is essential that the property asset manager does have an overall knowledge of and experience in property matters.

The property asset manager does not respond solely to the requirements of any particularly operating part of the organisation, but rather, takes all requirements of the business into account and tries to deliver the optimal solution in terms of the organisation’s operational and financial goals and objectives. The role has an executive orientation. It is a corporate activity and is focused on the business first and property assets second, in order to match business and accommodation need.

The Guidelines focus on property asset management for land and buildings and describe the techniques that are needed to practise it well. The techniques and practices of property management are not covered except in those areas where it overlaps with property asset management.

1.6 The property asset management process

The basic business process for effective property asset management is shown diagrammatically in Figure 1.2. The diagram emphasises the essential interrelationship between business and property processes, the overarching requirement to satisfy customers and the reliance of the process on reliable and efficient suppliers.

The corporate vision and mission (1) of the organisation are set by the senior management team, including politicians. These are translated into ‘line of business/service delivery strategies’ (2) – for example, education, housing, corporate services, welfare – by a team of business managers with property asset managers and other resource managers working together to achieve an optimum organisation-wide plan. The property asset planning process (3) will then commence with property asset managers analysing exact business needs in terms of accommodation requirements: location, size, facilities required and so on. This plan will also set out how the present portfolio of accommodation will be adapted to best suit the requirements of the customer-facing businesses.

Through these stages, options will be tested, both in terms of practicality but also, crucially, from a financial perspective and the property asset plan will emerge which is both practical and affordable. And so the property asset plan is translated into a property asset delivery plan (4) with a programmed sequence of activity which will meet the needs and financial and practical resources of the organisation.
Following the delivery of the re-engineered portfolio of property assets to the operational managers, performance measurement of the delivery processes (5) and feedback from customers will be considered and will form the basis of reviews of the line of business plans (2). The whole process will be ongoing and will gradually refine the output services to maximise customer satisfaction.

The overarching customer-focused nature of the process is emphasised throughout, as is the critical importance of the supplier community on whose efficiency and effectiveness good quality delivery of services depends.

The format of the Guidelines follows the process just described, enabling the reader to work through the whole property asset management process and understand the planning, process, delivery, resourcing, data management and practical implications of preparing a property asset plan. It will also enable the reader to ‘dip in’ to any individual chapter which is particularly relevant at any given time.

1.7 Cross-organisation and place-based planning

In order to gain maximum advantage from the property asset management process, it is imperative that a cross-organisational property asset plan is drawn up, breaking down departmental ‘barriers’ as necessary. A similar process needs to be carried out where different organisations are looking to co-locate operations in a single location to improve efficient delivery to their customers and to reduce accommodation costs. Property asset planning is, in part, about the place-making process. It is right, therefore, that the community – made up of the customer base of the organisation – should be consulted and involved. Indeed, place-based planning provides an opportunity to empower the customer community through consultation sessions when their experiences and aspirations about the ‘value’ of place can be collected. This will become a valuable input to the asset planning although it does add potential delays to the overall process. However, the ‘community’ capital created by such involvement cannot be over estimated.

1.8 The detailed property asset management process diagram

A fully annotated version of the property asset management process diagram appears in Figure 1.3. The Asset Planning and delivery process is depicted, intersecting with the Business Planning and delivery process showing the partnership working required to produce aligned strategies for service delivery to customers. Activity ‘folders’ associated with each stage of the process provide an indication of the asset planning and business activities required to ensure the combined process aligns and operates effectively.
CHAPTER 2

UK PUBLIC SECTOR PROPERTY ASSET MANAGEMENT – ITS DEVELOPMENT OVER A GENERATION

Overview
This chapter charts the development of property asset management practice over recent years. Private and public sector practice is described and the expertise which has more recently developed in central and local government is outlined.
2.1 The development of property asset management practice

The history of UK property asset management is surprisingly short considering the importance of property in enabling private and public sector organisations to serve their customers and the huge amount of capital which property ties up on their balance sheets.

During the 25 years up to the mid-1980s, ‘management’ of operational property focused mainly on cost containment with a view that property was ‘a cost of doing business’ rather than a high cost, high value resource which needed to be managed.

Towards the end of the 1980s, the Audit Commission (AC) became interested in local authority property producing two reports in 1988 entitled: Local Authority Property – A Management Overview and Local Authority Property – A Management Handbook. These drew attention to the serious under-management of accommodation and the savings which could be made by local government through a more rigorous control of the use of property and management of its operational costs.

A year later in 1989, the University of Reading and Oxford Brookes produced a report: Managing Operational Property Assets which is regarded by some as being instrumental in the development of property asset management in the private sector – subsequently named corporate real estate management (CREM). This report highlighted the complete under-management of operational property in most UK businesses and the waste of resources which resulted from non-aligned business and property strategies. The considerable interest which this research stimulated resulted in an increase in CREM activity.

Further research by Reading and Oxford Brookes in 1993 entitled Property Management Performance Monitoring, as well as the IDRC publication Strategic Management of the Fifth Resource – Corporate Property and, in 1995, again from Reading and Oxford Brookes, Real Estate Resource Management, encouraged a wider approach to CREM.

However, one of the significant problems remained: that of the absence of data about the size of operational portfolios and details of each property, without which informed property asset management decisions could not be made. Other problems existed as well: the lack of interest by senior management, political intervention with a view that property was ‘a cost of doing business’ rather than a high cost, high value resource which needed to be managed.

At the turn of the millennium three reports appeared, two produced by Department for the Environment, Transport and the Regions (DETR) and one by the Audit Commission (AC) giving detailed insight into local authority performance and good practice in property asset management:

- Measuring Performance in the Management of Local Authority Property (Research), DETR, 1999;
- Hot Property: Getting the Best from Local Authority Assets, AC, 2000;

At last there was a realisation that property could be a means of more efficiently delivering services to users (the term customer had not yet been adopted) and that a strategic focus was required in the management of public property in order to optimise asset performance.

2.2 The pace quickens

The insights of academics and the increasing experience of local authorities and businesses about the benefits of a co-ordinated approach to property asset management, particularly to offices, resulted in more focus on exactly how much accommodation was being used by central government. In 2004, the Gershon Report recommended that across the public sector, efficiency and cost reduction programmes could save £20 billion after four years. Within 12 months another report: Towards Better Management of Public Sector Assets: A Report to the Chancellor of the Exchequer, authored by Sir Michael Lyons, publicised a measure of the value of the public estate – £658 billion – and set down, for the first time, property asset management targets for the central government portfolio. There was a clear signal about how control could be achieved over the previously ‘under-managed’ central government portfolio through the implementation of strategic property asset management practice.

2.3 Public sector property asset management ‘comes of age’

The former OGC (now GPU), previously part of HM Treasury (HMT) and with a specialist group of property asset managers, supported the strategies put forward in the Lyons Report, developing property asset management templates and ‘toolkits’ to be used by government departments in preparing property asset plans.

A milestone report – Improving Asset Management in the Central Civil Estate – sponsored by the former OGC and prepared by Leeds University, reiterated the comprehensive approach to ‘business-wide’ resource management, declaring that yearly savings in central government property costs of over £150m were possible with additional efficiency savings of up to £380m per annum from flexible workplace and workstyle strategies. This report was a prelude to the former OGC’s own property asset management strategy entitled A Route-map to Asset Management Excellence and part of its ‘High Performing Property’ initiative.
The momentum established by the former OGC (now GPU) continued with the publication of a resource audit and matrix for effective property asset management – ‘The PAM Maturity Matrix’ – and a guidance document emphasising the linkage between performance measurement and better management – Better Measurement, Better Management. This was a milestone, marking the ‘coming of age’ for the management and measurement of the performance of the central government property portfolio and provided an inspirational benchmark for all departments to target.

2.4 The RICS Public Sector Property Asset Management Guidelines

The increasing importance of public sector property asset management (PSPAM) was emphasised further with the publication by RICS, in 2008, of generic guidance to assist public sector property asset managers with the task of producing property asset management plans, delivering property asset programmes and measuring the performance of the resulting properties and portfolio. This was part of the partnership between RICS, the government and public bodies to assist in the delivery of a 21st-century fit-for-purpose portfolio of accommodation across the public sector.

2.5 The search for better management

The 2007 NAO report, Improving the Efficiency of Central Government’s Office Property, ‘estimated’ that the government portfolio consisted of 13 million square metres of office floor space, with a value of £30 billion and an annual cost of £6 billion. The report concluded that against private sector benchmarks, there was a 38 per cent property asset management shortfall, costing central government £326m per annum more than necessary as a result of poor space and cost management. Public sector organisations were asked to improve data quality and they were expected to produce reliable information on size, use, condition, occupancy and running costs. The DCLG provided updated and much-needed property asset planning and template guidance for local authorities in a document issued in 2008 entitled A Framework For Local Authority Asset Management; Building on Strong Foundations.

A report from the AC in 2009, Room for Improvement: Strategic Asset Management in Local Government, repeated the old message of an insufficient strategic management of property assets, particularly as property is ‘key to core business delivery’.

The search for better property asset management continued with the 2009 Operational Efficiency Review by HM Treasury, reporting potential to recycle cash from surplus property disposals, the reduction of running costs from the more efficient use of space and the potential to use workplace re-engineering to change workstyle cultures. The dearth of public sector property asset management capability was further probed in 2009 with the introduction of the Property Asset Management Capability Assessment Model (PAMCAM) developed jointly by the former OGC (now GPU) and National audit Office (NAO). This is an online self-assessment tool designed to assist organisations to measure and monitor their property asset management capability and identify areas for improvement. For the NAO, a ‘mature’ property asset management capability provides some assurance that best value will be returned from the use of property assets in the future.

2.6 Private sector ideas

The economic pressure on the public finances has focused greater attention on public sector property asset portfolios. One strategic response has been the establishment of the Government Property Unit (GPU) within the Efficiency and Reform Group (ERG) of the Cabinet Office which reports to the Minister for the Cabinet Office and the Chief Secretary to the Treasury. The GPU, as well as being staffed by former members of OGC, also has the benefit of some private sector property asset management specialists. It is tasked with producing new ideas for the better management of the central government portfolio, for reducing costs by ensuring that less space is used and for raising cash from the portfolio through innovative financial schemes. A first step, in October 2010, saw the government announcing that it would be proactively managing its central London and Bristol portfolios to make more efficient use of freehold property and consolidating facilities management contracts.

A research report by SQW, a leading provider of research, analysis and advice on sustainable economic and social development for public, private and not-for-profit organisations, sponsored by a private sector property asset management outsourcing specialist Telereal-Trillium in June 2010 and entitled Property Efficiency Solutions, focused on the contribution which private sector specialists could bring in ‘achieving more substantial savings [which] will require a radical re-think about how public services are delivered and administered’.

The introduction of management expertise from the private sector has continued and a report authored by Sir Philip Green – The Efficiency Report, appeared in October 2010 and concluded that ‘Government is failing to leverage both its credit rating and its scale’. The report noted, in particular, that ‘there are poor procurement procedures, bad data management, incompetent property management and plain neglect of property assets, resulting in huge losses and unnecessary costs across the portfolio’.

The ‘total place – a whole area approach to public services’ – concept (currently variously known as ‘place-based budgeting’ or ‘whole place’) developed jointly by HM Treasury and DCLG and launched in 2010, promotes, among other things, a collaborative approach for central government, local partners in the public, private and third sectors, to deliver ‘true transformation’ in space provision and sharing free from the oversight and restrictions from central government. While the total place concepts of involvement of the local community (customers) in
decision-making are laudable, making practical sense of the proposals is difficult and, as a result, it will be interesting to see what positive results will emerge. The ‘whole area approach’ concept has developed into the ‘Capital and Assets Pathfinder programme’. Focusing on local government property assets, the first report of 2011 entitled Delivering Effective Estate Management – Leaner and Greener recommends 15 strategic policies to save money and improve services through managing property assets efficiently, sustainably and in partnership with other public and voluntary sector organisations. An emerging strategy in the report is a centrally managed local property management board (a local form of GPU) to look after all public sector property assets in a given geography. This concept might be accompanied by the formation of a pooled asset vehicle (PAV) to hold, manage and finance all public sector property in the region and lease it to occupying organisations.

In 2011 the Scottish Government produced a report, Improved Asset Management and the Location of Public Sector Organisations, which focuses on the efficient and effective use of the existing public estate. Concentrating on the office estate, departments are mandated to develop forward-looking occupational strategies and submit these to the Scottish Facilities and Estates Services Directorate who will co-ordinate cross-departmental and cross-organisational occupation and property asset management strategies.

2.7 Public sector property asset management futures

The public sector management strategy will see continuing emphasis on using less space, the sharing of facilities by a variety of local and national bodies and the centralised management of public portfolios in order to reduce management cost, improve procurement and force efficiency gains in the use of shared accommodation by co-location.

A considerable body of property asset management expertise now resides within the public sector. Flexible workstyles will be adopted more widely as departments and other bodies relocate and centralise their physical presence to ‘hub’ locations, in more efficient and sustainable buildings.

However, this narrative, which mentions only the highlights of the PSPAM story since the 1980s, underscores how much has been written on the subject and also the significant resources that have gone into pondering the best solutions to managing the public property asset portfolio. The question is: are we any nearer to reaching that end goal of efficiency and effective property asset usage than we were in 1988 when the Audit Commission produced the first substantive reports on strategically managing (local authority) property portfolios? We leave readers to draw their own conclusions.

Despite these concerns, the horizon for PSPAM is very positive. The investment in research, study and training by the public sector has raised the profile and expertise of public sector property asset managers and their competence measures up very well to that in the private sector. The prize of more effective asset management is large and the importance of effective property asset management cannot be overestimated.
CHAPTER 3

PROPERTY ASSET STRATEGY AND PLANNING

Overview

This chapter considers the processes involved in moving through the cascade of business objectives and targets set by the organisation (see Figure 3.1) to design an overall property asset strategy. The development of property asset policies, plans and programmes is described.
3.1 Property asset planning

The function of property asset planning is to provide a clear high-level statement of the purpose and performance levels expected from an organisation’s property portfolio. The plans will provide a decision-making framework and communicate this to staff, external stakeholders and customers, giving information about the direction of change for the property portfolio and the manner in which business outcomes will be supported. Property asset planning processes need to be embedded in the corporate business and financial planning processes and the ongoing strategy of the organisation. The overarching policies and strategies may have a life of, say, 3–5 years but the plans must be reviewed each year and adjusted as part of the annual business and financial planning cycle. The purpose of a property asset management plan is to provide a clear statement of why and how an organisation’s property portfolio is to be changed and the proposed management ‘direction’ over the planning period.

As well as property asset inventories, the level of available property asset management expertise should be assessed along with the readiness (or otherwise) of the organisation, operational managers and, where applicable, the ‘political population’ to accept the changes which strategic property asset management will bring to the whole organisation. The quality and value of in-house property asset management staff is often overlooked which is unfortunate as they know the organisation and its people in far greater depth than external consultants.

Corporate and service/operational department delivery strategies will determine the form, shape and structure of the property asset strategy and ongoing management plans. The question to be answered is: does the present property asset base fulfil the delivery needs of the occupying departments? It should be realised that the property asset strategy and plans will usually be a compromise recognising affordability, practicality and realism. Financial appraisals will be carried out as the planning process moves forward so that business cases and alternative asset change programmes can be tested.

3.2 Preparing for property asset planning

The ‘ground level’ starting point is an understanding of the make-up of the present portfolio of property assets, their suitability for purpose, condition, cost of restoration to full repair, market value, flexibility of use, utilisation levels, user and customer satisfaction and remaining life. A simple, factual view of the property asset base is what is needed with an assessment of its expected contribution to service delivery and an estimate of the efficiency and effectiveness of each constituent property asset.

3.3 Key elements of property asset planning

3.3.1 Property asset strategy

The property asset strategy is a business planning and communication document providing operational, financial and quality ‘readings’ for all those associated with the organisation. It considers property as just one of the many corporate resources which are needed to deliver services
to customers. So, to develop a business focused property asset strategy, property asset managers must have a complete understanding of the corporate policies of their organisation.

The strategy will be a high-level statement of the overall approach to providing property and/or accommodation to meet the organisation’s needs. It will make clear, in general terms, the property/accommodation that is required to meet corporate and operational objectives.

The key strands of corporate policy and objectives cascade from the corporate vision (see Figure 3.2), which is essentially an aspirational goal. A mission statement provides a little more detail of the purpose and aims of the organisation.

With the vision and mission statements in mind, corporate frameworks will be developed which set out the context within which the organisation is to operate, defining the scope, direction and the way in which it will allocate resources to achieve its stated objectives.

It is at this corporate level where the property asset strategy is set down so that delivery strategies can be supported by and matched to practical resourcing whether this relates to property assets or to financial, IT and people resources. To be optimally effective, property asset managers need to be at the centre of corporate property decision-making, advising on the appropriate property asset resource to ‘fit’ delivery requirements. The objective will be to provide the right property asset in the right location at the right price and quality.

3.3.2 The property asset management policy

The developing policy will be designed to make sure that the property asset strategy is reflected in the decisions of all parts of the organisation. It sets down the ‘rules of behaviour’ for the organisation, as far as property decision-making is concerned, to ensure that the strategy can be delivered.

The organisation’s strategies are expanded and developed into a number of corporate policies with correspondingly aligned property asset management policies, giving a clear direction for operational, property asset and financial managers. These corporate-wide policies will attach ‘broad brush’ resource and financial allocations to the strategic streams identified as well as accountability measures to ensure cost efficient and quality service delivery.

Figure 3.2: The corporate policy cascade

- Corporate Vision
- Mission Statement
- Corporate Policy & Objectives
- Service department delivery strategies
- Asset management policy will influence corporate direction and resource needs
- Asset management policy and strategy set for each line of business
- Asset management plan for each line of business
- Does our property match this aspiration?
- Can our property match these aims?
- Aspirational goal
- Purpose and aims
- Scope, direction and resourcing requirements
- Operational goals and targets
- Delivery to Customers
Figure 3.3 shows a representation of the framework. The benefits of establishing a property asset management policy include:

- an efficient allocation of property assets across the organisation
- a better integration of service delivery from single multi-purpose locations across the organisation
- introducing innovative online non-property asset dependent service delivery
- increasingly sustainable delivery strategies
- providing a basis for investigating cross-organisation and/or across a number of organisations, ‘engineered’ property asset vehicles; and
- lower operating costs and efficient use of capital.

With the benefit of such an ‘overarching’ policy developed in conjunction with operational managers and a full understanding of the latter’s delivery strategies, property asset managers can now proceed to develop the property asset management plan.

3.3.3 The property asset management action plan

The property asset planning process begins with the property asset management strategy and the property asset management policies described above. Property asset managers will determine the suitability of existing property assets and the changes that will be required to bring the portfolio up to the desired standard for efficient and effective delivery.
This is shown in diagrammatic form in Figure 3.4. Here we see only four potential outcomes being considered at Level 1 – in fact there may be many more or perhaps just one option dependent on the size of the organisation and the existing status of the portfolio.

As a result of discussion about the operational, financial and physical aspects of the property assets, an agreed plan is worked out at Level 2. This process is carried out across the service/operational departments to provide a consolidated plan at Level 3 and across the organisation to produce the organisation-wide property asset plan at Level 4. In larger organisations these plans will need to be drawn up on a phased basis because they require a considerable amount of resource. Over time, the overarching property asset management plan for the whole organisation will emerge. For smaller organisations there may only be a single plan although again because of limited resources it may take some time to bring to completion.

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**Figure 3.4: Property asset planning process**

Disposing & recycling capital receipts

Refurbish and retain

Retain for community use

Redevelop & share with partners

Agreed strategy for each asset

Consolidated service department asset plan

Organisation-wide asset plan

Asset plans from other departments

Asset plans from other departments

Level 1

Level 2

Level 3

Level 4
Figure 3.5 gives an indication of the background information which might be gathered to understand the overall context and its impact on property assets. Clearly, there is a question of priority and compromise in the collection of data and property asset managers will focus attention on property assets where substantial change is likely to be required.

3.3.4 Plan testing
The plan will be appraised financially as it develops. This will be a broad and generic process which will also assess the effects on other corporate resources, principally staffing and technology. From a financial perspective, the plan’s estimated capital requirement will be checked in the context of overall corporate calls on capital and receipts from property asset disposals. The timing of receipts and expenditure will be considered along with the effect of changes to the revenue account.

The property asset manager will be expected to ‘challenge’ operational colleagues about their need for accommodation, the type, quality and amount of space as well as its location. The procurement options for this potential strategy will be developed and tested financially and with operational managers, perhaps to see if an innovative financing solution will be appropriate.

The testing of the effect on staffing levels and on systems is a vital step in developing the plan. HR and ICT specialists are key players in the final delivery and performance of the property asset change plan.

3.3.5 Communication
While the property asset planning work proceeds, it is essential that communication links are open to all parts of the organisation so that there is a full visibility of what the process is all about. This applies through all levels of the organisation although the messages will be of different detail at the various levels.

At senior management level, the process may well take on a facilitation role to ensure all are ‘pointing in the same direction’ and are fully supportive. The benefits of time spent here include ensuring that ‘property assets’ are on the corporate agenda, perhaps for the first time, clarifying business drivers and corporate policy and persuading the senior team to become facilitators in promoting change throughout the organisation.
3.4 Property asset management plan content

Having looked at the preparatory process, what does the formal property asset management plan contain? There are, of course, a number of recommended property asset management plan templates which are used and the content will vary to suit each organisation. A typical plan will include some or all of the topics outlined in the generic asset management plan:

<table>
<thead>
<tr>
<th>Plan topics</th>
<th>What is included</th>
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| Plan purpose and the benefits of property asset management | • The purpose of the property asset management strategy and the benefits to the organisation.  
• How the strategy has been developed, the alignment with ‘in-house’ corporate strategies and policies as well as with regional and national strategies.  
• The plan timescale. There may be more than one end date where a number of property asset change programmes are running simultaneously. A phasing of completion at year one, three and five may be appropriate. |
| The organisation’s corporate vision, mission and strategy | • A statement of the organisation’s goals and objectives and the implication for property assets. |
| The financial context | • The overall corporate financial position.  
• The financial outlook and the context for property asset decision-making.  
• An estimate of the budget available for property realignment. |
| Property asset policy statement of goals and objectives | • Setting out at corporate level the property asset policy and the goals and objectives that will improve delivery.  
• The corporate approach to the use of property assets, sharing, partnering and use by/with the voluntary sector.  
• The vision of what the property asset base will ‘look like’ after the change programme at the end of the plan period. |
| The property asset plan for each service delivery department | • A departmental analysis of the effect of the plan on the total property asset base. The effect on really key property assets should be highlighted.  
• This charts the transforming of the property asset base to align with the delivery requirements.  
• In separate appendices a property asset-by-asset breakdown will show the detail of each property delivery asset and the changes proposed. (Note: there will be a prioritisation of time and resources in looking at the detail of each property asset.) |
| Property asset upgrade analysis | • At high level, the key property asset changes required to deliver the plan.  
• A ‘gap’ analysis and the strategy to eliminate the deficiencies over the life of the plan – or longer term.  
• An estimate of the likely costs of property asset upgrade. |
| Definition of service level to be expected | • The quality, capacity, reliability and responsiveness of the property assets is confirmed and priced. This is a balance between affordability, practicality and service quality and the level is defined and becomes the baseline for property assets to support and performance metrics to measure. |
| Critical success factors | • Business-based outcomes and timescales are noted.  
• This will form the basis for performance management. |
| Resource implications of the plan | • The effect on property assets as well as finance, IT and HR will be noted and this forms the basis of the property asset change capital plan.  
• Revenue budget implications will be outlined.  
• The broad investment and divestment plan will be outlined and the capital spend and returns.  
• The overall approach to sourcing, outsourcing and procurement will be noted as appropriate. |
Plan topics | What is included
--- | ---
Performance measurement | • The agreed performance measures to be used relating to the critical success factors and those of service departments.
• The performance measurement system.
• Current performance as a base measure and the anticipated performance steps as property asset change takes place.

Organisational changes | • The ‘property asset champion’ is identified along with the property asset management structure and roles and responsibilities.
• Corporate process for property asset management.
• Governance and decision-taking.
• Data management.
• Resourcing allocations and capacity management.

Action milestones | • Actions which will be taken over the next 12 months and a timetable for organisational, property asset and delivery service changes.

Review | • The success of the property asset plan measured by the reaction of customers to service delivery and on the bottom line operating costs. Reviews against pre-agreed performance metrics will take place regularly and recommendations made about changes to enhance service delivery to customers as well as improvements in property asset efficiency.

Risk | • An assessment of the risks associated with the property assets, either immediate term or longer term, for example, inappropriate property assets due to technological service delivery developments or perhaps demographic changes.
• A risk assessment of other resource inputs including financial/budgetary cutbacks and shortage of property asset management expertise and the management of all shortfalls.

Assumptions and provisos | • The plan will state the base assumptions and any provisos about data integrity, cost estimates, demand forecasts, property asset lifespan and other variables.

Property asset managers should remember that while the detail of their plans will be of interest to operational managers, the senior board members will have time to read only summary sections relating to meeting delivery objectives and targets and the efficiency and effectiveness of service delivery. The physical layout of the property asset management plan should, therefore, be carefully planned, so that it is clear to the wide range of readers which parts are particularly relevant to them, including summaries, as necessary, to provide an ‘easy read’ for other sections.

### 3.5 The benefits of property asset planning

The processes described in this chapter will result in a realignment of the property asset base to support the organisation-wide objectives set out in the corporate strategy. This assumes that adequate financial resources can be allocated to property asset change but if there is limit on funding or other resources, a phased plan for property asset change can be implemented to reach the desired end point over time. The key point is that the property asset plan lays the foundation for efficient and effective use of property assets and provides a platform for structured and rigorous forward thinking and decision-making about both operational and property asset strategies.

The plan enables management to be clear, often for the first time, about the extent, value, condition and suitability of the property asset portfolio right across the organisation and segmented for each delivery department. This will form the basis for corporate and consultative strategy development and clear methodologies for measuring delivery performance.

The organisation-wide benefits of property asset plans should encourage investment in improved property asset management expertise and training and an allocation of increased resources to improving and updating data collection and management.
3.6 Property asset programmes

The property asset change programmes will be agreed after financial sign-off of business cases and the detail of these financial processes are discussed in Chapter 4. Following financial approval, a programme of building alteration, refurbishment, procurement and perhaps development will begin in a prioritised sequence and with project management oversight. Reviews of practical and financial progress will accompany these programmes and post-occupation reviews will assess the effects of the changes on customer’s delivery experiences.

Property asset change is only one of a number of possible programme options. There may be property asset disposals and this needs to be efficiently programmed and properties vacated ready for sale with the occupying staff moved elsewhere. Alternatively there may be a partnership option with another delivery body and in this case a formal cost and occupation sharing arrangement should be agreed at commencement.

The effective project management of all potential programmes provides a suitable and efficient closure to the very demanding property asset planning activity. It is, of course, followed by the performance measurement of results and the review process which will start the whole sequence again, ensuring through this cyclical programme that the property asset base is steadily honed to a status which is optimally suited to customer needs. The delivery sequence is described in Chapter 5 and the review of performance in Chapter 6.

3.7 Financial planning and management for property assets

3.7.1 Principles

The programme of property projects will be assessed financially by individual business cases which will result in a programme that is financially robust. As projects proceed, the financial progress must be monitored along with the building programme. Therefore:

- plan ahead
- ensure that the projects or groups of projects are financially sustainable not just affordable in the short term
- check that a capital investment today will not create a massive recurring/revenue expenditure headache in a few year’s time
- where possible use capital receipts to reinvest in property assets that can help to reduce the future revenue budget
- rather than just delivering capital receipts when needed, develop a pool of monies which can be invested in ‘spend to save’ schemes; and
- change the financial profile of a project or programme if required as result of an a annual review.

3.7.2 Annual property asset programmes

Having assessed, using business cases, each of the potential project options developed from the property asset review, a realistic programme of some of the projects will need to be assembled which equates to the value for money criteria set, affordability and benefits. However, this is unlikely to include all projects evaluated as some will not meet affordability, value, benefit and cost criteria or indeed the organisation may simply not have the capacity to implement all the desired projects.

The potential proposed projects to be included in the programme will be assembled using each of their business cases to indicate which are the more desirable. It will be for the senior management team to choose to evaluate some of the non-financial benefits in a different way, or with a different weighting, to those chosen in the business cases, especially when projects are compared to each other, or where benefits vary between, for example, different communities. However, the business cases will undoubtedly inform, and be a crucial part of, this decision-making process.

3.7.3 Property asset management and the annual budget process

Property asset strategy/plans, property asset reviews, historic performance, as well as timely production of business cases and robust programmes, all inform the annual budget process and the accuracy of the budget. As Figure 3.6 shows, if the process is running smoothly the forecasting of the capital and current (resource/revenue/recurring) budgets associated with property assets will be accurate.
3.8 Sustainability

It is not the function of this publication to do anything more than highlight the importance of sustainability issues in property asset planning ensuring that it is included as a key input to decision-making. The property asset manager must consider the design implications of reducing energy consumption, cutting waste and incorporating water recycling and rain water collection schemes as appropriate.

The design of new buildings and fit-out/refurbishments should be carried out in such a way as to enhance sustainability and introduce management best practice in materials choice wherever possible.

The location of the delivery and administration buildings will have an important sustainability aspect relating to the travel plans of customers and staff. Travel and transport planning should feature in the property asset appraisal process and, in conjunction with HR departments fully flexible workstyle programmes should be offered to staff to enable those who wish to work flexibly.

The ongoing management of the building, its cleaning, maintenance and usage will have sustainability implications that must be considered ‘up front’ and be kept in mind at all times. It is worthwhile preparing a sustainability and building management handbook to be provided to all staff and contractors involved with managing property assets to emphasise the importance of all facility management decisions as far as the organisation’s sustainability aspirations and strategies are concerned.
This chapter covers one of the central techniques in property asset management: the preparation of the business case. The nature of business cases, the reasons for preparing them and their content is introduced.
CHAPTER 4 – Business case evaluation and project programmes

4.1 Business cases (project evaluation)

4.1.1 The business case

The evaluation of projects can be carried out in many ways but it is increasingly recognised that, initially, this is best done by undertaking comprehensive outline business cases. For those projects that successfully pass through the outline business case stage, a subsequent detailed business case will usually be prepared. For projects that ‘succeed’, the business case is an important document as it should set the framework for subsequent detailed feasibility work, for bringing together the annual property asset programme of projects to be implemented, for procurement, for project and risk management, for post-project evaluation and for ongoing performance management.

A business case is a systematic analysis of the benefits and dis-benefits (financial and non-financial) of a proposal for change, compared with continuing with the current situation. Sometimes there may be more than one proposal for change – they are normally called options. To make comparisons of the various financial and other benefits and dis-benefits, sophisticated evaluation techniques will frequently be used.

Typically business cases are completed in stages, as the sophistication of the analysis develops. The stages are often known as strategic, outline and then full business case. Each addresses the issues that should be in a business case but in increasing depth as the project appraisal process proceeds. This staged approach can also save a great deal of time if, for example, at the outline stage, it is manifestly obvious that none of the options is anywhere near improving on the status quo.

4.1.2 Reasons for business cases

Business cases are produced:

- to test the strategic ‘sense’ of the project
- so that the taxpayer gets the best value for money
- so that all capital and recurring expenditure implications are taken into account
- to integrate other areas that are affected by the project concerned; and
- to ensure that all the benefits (financial and non-financial) are captured and assessed.

Part of the business case is, frequently, a cost benefit analysis.

4.1.3 Key elements of business cases

Whilst there are a variety of business case formats, they all contain very similar elements. Government agencies mostly use the ‘5 case’ model (strategic case, economic case, financial case, commercial case, management case) and the guidance from HM Treasury on business cases – Treasury Green Book (Appraisal and Evaluation in Central Government). The usual ‘headings’ likely to be included in any business case, are shown below.

4.1.3.1 Strategic justification

Strategic justification sets out the strategic context and overall reasons for the project. What are the operational objectives and what are the desired outcomes? How do these outcomes link to the key business goals of the organisation?

4.1.3.2 Options identification

In order to deliver the outcomes, what options have been considered? Whilst at the project outset a long list of options and sub-options will be discussed, three broad options are invariably among the most important considered:

- **Status quo** – that is, carry on as we are now
- **Big bang** – a major change initiative
- **The middle ground** – a middle course with, for example, some refurbishment, some new build, and some disposals.

In choosing options, it is important not to have too many or too few – three is a good number to allow a reasonable range and still remain manageable, although often it may be four options and, occasionally, just two.

4.1.3.3 Non-financial assessment

This is the non-financial evaluation of the project and it is just as important as the financial evaluation. Issues addressed in this part of the business case include all of the non-financial benefits and non-financial costs that flow from the project. Normally, they cannot be determined in monetary units. This is where cost benefit techniques are used. The actual evaluation criteria used will be derived from organisational and operating objectives which will have been set out in the property asset management plan. There are various ways in which they can be scored for each option. For example, each evaluation criterion can be weighted according to its importance and then scored (1–5 or 1–10) in terms of its impact. The two figures are then multiplied out to give a weighted score.
Figure 4.1 below shows an example of a typical matrix, in this case evaluating three alternative options for a project.

**Figure 4.1: Example of a non-financial scoring matrix**

<table>
<thead>
<tr>
<th>Elements</th>
<th>Weighting</th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
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<tbody>
<tr>
<td><strong>Political</strong></td>
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<td>Member satisfaction</td>
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<td>Public satisfaction</td>
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<tr>
<td><strong>Economic</strong></td>
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<td>Job creation/retention</td>
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<td>Regeneration</td>
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<td><strong>Social</strong></td>
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<td>Building aesthetics</td>
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<td>Noise pollution</td>
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<td>Service disruption</td>
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<td>Customer satisfaction</td>
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<td><strong>Technical</strong></td>
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<td>Storage capacity</td>
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<td>Efficiency of buildings (fit for purpose)</td>
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<td>Strategic location</td>
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<td>Public transport access</td>
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<td>Functionality</td>
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<td>Condition of IT and other infrastructure</td>
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<td><strong>Environment</strong></td>
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<tr>
<td>Pollution levels</td>
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<tr>
<td>Environmental impact</td>
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<tr>
<td>Supply of land</td>
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<td>Energy efficiency</td>
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<tr>
<td>Sustainability</td>
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<tr>
<td><em>(Work) Environment</em></td>
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<tr>
<td>Internal layout</td>
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<tr>
<td>Car parking</td>
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<tr>
<td>Training facilities</td>
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<tr>
<td>Staff facilities</td>
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<tr>
<td><strong>Legal</strong></td>
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<tr>
<td>DDA</td>
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<tr>
<td>Ease of obtaining planning permission(s)</td>
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<tr>
<td><strong>Total Scores</strong></td>
<td></td>
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</tbody>
</table>

### 4.1.3.4 Financial assessment

Financial assessments of each project or option should be undertaken on a Discounted Cash Flow basis following the Treasury Green Book (Appraisal and Evaluation in Central Government) principles.

In summary, the key principles are as follows:

- equal importance attached to capital and revenue
- full revenue costs adopted
- a discount rate adopted to reflect when money is expended and income is generated, in order to produce net present costs and values
- a reasonable period of time, say 20 to 30 years, used for the cash flow
- sensible assumptions, no optimism bias (i.e. too rosy a view of the future); and
- sensitivity analysis to illustrate the effect if key variables were to change.
The financial assessment will result in a net present value (NPV), or if it is negative a net present cost. Often the financial and non-financial results are brought together as ‘NPV per benefit point’ (benefit point refers to the total weighed points for that option or project derived from the non-financial appraisal).

It should also be noted that there is a difference between value for money and affordability – both must be assessed. A project may provide good value for money if it provides extensive overall benefits at high financial costs. However, these financial costs may not be affordable.

4.1.3.5 Commercial assessment

Commercial assessment will answer questions associated with the way in which the project will interact with the commercial marketplace, for example:

- how is it being procured?
- what will the tenure be and if outsourced, will facilities management (FM) and lifecycle be included in the contract?
- what is the marketplace like for this (these) transaction(s)?
- what is the payment mechanism?
- how have the risks been quantified and allocated?
- has any risk transfer been correctly priced?
- are there any personnel issues such as TUPE (Transfer of Undertakings (Protection of Employment) Regulations) transfers?
- what are the penalties for under performance?

4.1.3.6 Project management assessment

The main question here is how is the project going to be delivered? How will it be governed and who will be involved? Often there will be a split of these activities, with a strategic project board dealing with major decisions, to whom a project management team report, who deal with day-to-day matters and decisions.

Does the organisation have the resource and capability to run the project or is there a need for outsourcing/partnering? Often, for example, framework agreements are used to supplement existing resources to manage peaks of work and very specialist assignments.

**Figure 4.2: Summary sheet of a discounted cash flow appraisal**

<table>
<thead>
<tr>
<th>Elements</th>
<th>Net Present Values (-) / Costs (+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUMMARY (Excluding opportunity costs)</td>
<td>Option 1 – Status quo</td>
</tr>
<tr>
<td>Total employees in final portfolio</td>
<td>3 695</td>
</tr>
<tr>
<td>Total site value and disposal income</td>
<td>33 126 033</td>
</tr>
<tr>
<td>Total refurbishment costs</td>
<td>0</td>
</tr>
<tr>
<td>Total demolition costs</td>
<td>0</td>
</tr>
<tr>
<td>Total new build construction cost</td>
<td>0</td>
</tr>
<tr>
<td>Total refurbishment and construction cost</td>
<td>0</td>
</tr>
<tr>
<td>Total LC costs</td>
<td>47 807 023</td>
</tr>
<tr>
<td>Total annual FM cost</td>
<td>75 381 638</td>
</tr>
<tr>
<td>Total other costs</td>
<td>4 434 000</td>
</tr>
<tr>
<td>TOTAL 20 YEAR COST</td>
<td>160 748 694</td>
</tr>
<tr>
<td>Net present cost</td>
<td>91 641 613</td>
</tr>
</tbody>
</table>
4.1.3.7 Risk assessment

In the early stages of business cases, risks need to be identified and quantified in terms of impact and likelihood. The risks will be described in each section of the business case but they will need to be brought together, assessed and compared. A typical framework for assessing the relative risks of options is given in Figure 4.3 (in this case the example compares two different scenarios for change).

**Figure 4.3: Example of ‘first-cut’ risk matrix**

<table>
<thead>
<tr>
<th>Risk</th>
<th>Option 1</th>
<th>Option 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Magnitude</td>
<td>Likelihood</td>
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<tr>
<td>Declining service quality</td>
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<tr>
<td>No increase in staff productivity</td>
<td></td>
<td></td>
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<tr>
<td>Risks of assumptions made proving to be erroneous</td>
<td></td>
<td></td>
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<tr>
<td>Service disruption during transition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gaining planning permission</td>
<td></td>
<td></td>
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<tr>
<td>Property market risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction costs</td>
<td></td>
<td></td>
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<tr>
<td>Construction risks</td>
<td></td>
<td></td>
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<tr>
<td>Public/community/political impact</td>
<td></td>
<td></td>
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<tr>
<td>Outsourcing risk</td>
<td></td>
<td></td>
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<tr>
<td>Resistance of staff to accept change</td>
<td></td>
<td></td>
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<tr>
<td>Strategy/implementation risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unforeseen changes in the future</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital funding risks</td>
<td></td>
<td></td>
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<tr>
<td>Revenue funding risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity to implement the strategy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aggregate</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.1.3.8 Recommendation

The project options are assessed by drawing together all the assessments and making a decision on overall value for money, affordability benefits and non-financial costs and risks.

4.2 Project Programmes

Having assessed, using business cases, each of the potential projects’ options that have been developed from the property asset review, a realistic programme of some of the projects will now need to be assembled that provides the desired value for money, affordability and benefits. However, this is unlikely to include all projects evaluated as some will not sufficiently meet affordability, value, benefit and cost criteria or indeed the organisation may simply not have the capacity to implement all the projects that it would like to. The potential proposed projects to be included in the programme will be assembled using each of their business cases to indicate which are the more desirable. However, once again, senior decision-makers may choose to evaluate some of the non-financial issues in a different way, or with a different weighting, to those chosen in the business cases, especially when projects are compared to each other, or where benefits vary between, for example, different communities. There is no doubt that the business cases will inform, and be a crucial part of, the decision-making process.
Overview
Delivery of property asset plans and programmes is an extensive subject in its own right which could justify a separate book. Indeed, much has been written on the subject and is available elsewhere. This chapter provides a high-level review of the property asset manager’s role and responsibilities in the successful delivery of property asset management plans. In describing delivery, it makes the point that property asset management plans do not simply get implemented by ‘telepathy’ once they have been produced. Plan delivery is a discrete activity which requires resourcing and requires effort and determination.
5.1 Overview of delivery

5.1.1 Elements of delivery

No matter how well prepared, well written or comprehensive a property asset management plan is, it will be wasted, and all efforts at property asset management will have failed, in the absence of real results and positive outcomes.

Developing the property asset management plan was covered in Chapter 3, and the techniques for assessing business cases in Chapter 4.

There will also be a need to secure corporate ownership and leadership. This chapter focuses upon the remaining aspects of successful delivery: the resources for delivery, delivery planning, delivery management, benefits realisation and risk.

5.1.2 The cycle of planning and managing delivery

The process of interpreting a property asset management plan into delivery mechanisms and then into results, has the broad stages shown in the Figure 5.1.

In summary, the property asset manager takes the property asset management plan and then considers the best way to deliver the plan in terms of:

- first, how accommodation and property are to be sourced to effect delivery and how property services (estates, facilities, construction, M&E) are to be sourced to do it and to manage the finished product
- secondly, and depending on sourcing decisions, the tasks and projects which need to be developed to put the plan into place; and
- finally, the way in which the project will be managed and how project performance will be measured.

On occasion, the sourcing decision can be so extensive and fundamental (e.g. a complete outsourcing of the property portfolio) that the plan itself may need to be revisited and refreshed. The detail of the process is shown in Figure 5.2.
The key delivery steps are presented in their logical sequence. In practice, there will be a considerable amount of iteration between the various stages and sometimes steps may be missed or their order changed. Each of the key stages in the diagram will now be explained and developed in the following sections.

5.2 Direction

The selection of major property asset related projects should be guided by the property asset management plan, underpinned by a rigorous business case approach (see Chapters 3 and 4). The further development of the business case(s) continues to be relevant during delivery. The business case is an evolving working document and a vital management tool in planning and delivering property asset management plans and projects. Business cases are also closely linked to two other important delivery tools that are often used: the gateway review process and PRINCE2 project management (see later in this chapter).

5.3 Sourcing

5.3.1 Assess resource availability

There are a number of elements to this:

- the property asset management plan, which will have identified the broad approach that the organisation wishes to adopt in the future, is used as the starting point
- an assessment of the broad levels of resources that will be needed to deliver the plan is then made (human, physical, financial, infrastructure and any other resources)
- an assessment of the capability and capacity of the organisation to provide these resources, which will also include the wider delivery chain, is also needed
- the organisation’s approach to risk, in property terms, needs to be exposed and assessed; and
- any philosophical/cultural approaches to service provision that the organisation may have (e.g. attitudes to in-house provision, partnering, collaboration/sharing or outsourcing).

5.3.2 Deciding on sourcing

Having understood the availability of resources, the options for sourcing property and property services can now be considered. The chosen path may be:

- an all outsourced approach (e.g. outsourcing property ownership and service delivery, as in some of the large scale PFI/PPP projects, or to a public sector property vehicle)
- an all in-house approach
- a part and part approach, possibly involving collaboration with similar organisations, depending on the projects involved.

Decisions should be based on quality, cost, benefits, capacity, skills and risk.

5.3.3 Working with partners/collaboration

In recent years, many public organisations have worked together to deliver public services from shared buildings and in some cases by combining service delivery (e.g. property services). The reasoning behind this is improved public service delivery and improved efficiency. In the past, this sharing of property and services has often been on a ‘one-by-one’ pragmatic basis. Increasingly, however, public organisations and central government are seeing collaboration as a strategic tool to allow them to retain and improve public service levels, more efficiently. Many organisations are now beginning to examine the possibility of large scale collaboration between many public sector organisations from a more ‘collective’ public property asset base. As this approach develops it may involve the use of ‘pooled property asset vehicles’ managed separately but on behalf of each of the public bodies which have property within it.

This brings with it additional challenges for the property asset manager and where such collaboration is being sought, there is a need to consider, for example:

- improving and sharing property data between organisations, including public property mapping
- preparing joint asset management plans
- agreeing and using joint performance management systems
- setting up joint property service provider vehicles; and
- setting up joint property holding vehicles.

5.4 Delivery planning

5.4.1 Delivery projects

The property asset manager is now in a position to determine the broad tasks that need to be undertaken to implement the property asset management plan and to turn these tasks into delivery projects. Not all delivery projects will produce final results and some will be ‘preparation’ projects putting in place the business infrastructure to achieve final results. However, as many projects as possible should be about:

- property change and improvements
- property development projects (where applicable); and
- estates, facilities, construction and M&E service provision change and improvements.
5.4.2 Capacity and timetabling tasks

Once projects have been passed through the business case and programme development stage, there will be a list of desirable projects. From this there will be projects that the organisation will be very keen to progress urgently. However, the organisation may not have the capacity or resources to implement all or many projects at the same time. Adjustments to capacity or the programme may, therefore, be needed.

All projects should be timetabled so that it is clear when the various and often numerous project benefits will be achieved and making clear the milestones to achievement.

5.5 Delivery management

5.5.1 Performance measures

At the outset, it is important to set performance measures that assess how well projects are delivering their objectives. Performance measurement is dealt with in Chapter 6 where the potential array of performance metrics is explained. In delivery, the performance measures will be focused on ensuring that the delivery project objectives are fully met.

5.5.2 Project management

5.5.2.1 Corporate project management

Managing corporate projects, where property assets are one of the main elements, involves an understanding of, for example, the:

- key linkages within corporate projects
- business need for the project and its intended contribution to corporate objectives
- IT support available for project design and management
- impact on and outcomes for the organisation
- stakeholder input at relevant stages; and
- project benefits and how they are to be realised.

This, in turn, will require some key skills:

- principles of property management and construction management
- appraisal of business options
- principles, practices and techniques of project/change management and construction/property project management (they are similar but not the same)
- assessment and management of corporate risk
- assembling and managing an integrated project team and allocating their roles and responsibilities including clients, consultants, contractors, specialist advisers and suppliers, all run as a single integrated team; and
- communication within and outside the team and often outside the organisation.

5.5.2.2 Gateway review

Gateway review was developed by the Office of Government Commerce, now part of the Government Property Unit/Efficiency and Reform Group within the Cabinet Office. It comprises a series of reviews (gateways) during the development and implementation of a project, as follows:

0 – ongoing strategic assessment
1 – business justification
2 – delivery of the plan
3 – investment decision
4 – readiness for service
5 – operations review and benefits realisation.

5.5.2.3 PRINCE2

PRINCE2 project management principles and practice are now widely adopted and applied throughout the public sector to ensure that programmes and projects are well and effectively managed. Using a PRINCE2 project management approach (or similar) will help construct an effective project management process and a decision-making framework that can also accommodate governance requirements. It is recommended as an aid to planning and managing the delivery of property asset management projects and programmes. The approach can be adapted to suit individual project and organisation requirements.

5.5.2.4 The application of business cases, corporate project management and gateway reviews and PRINCE2

It should be noted that not every project will justify the full application of full business case, corporate project management, gateway review and PRINCE2 methodologies. Much will depend on the size and complexity of each project. In many cases it will be appropriate to develop ‘lite’ versions of these methodologies to suit the environment, processes and scale of project being taken forward. Practitioners are encouraged to adopt best practice but without overburdening a project with excessive complexity.

5.5.3 Benefits and costs evaluation

The delivery of a project is subject to three main stages of evaluation, or monitoring:

- project evaluation (business case)
- post-project review; and
- post-implementation review.
5.7 Learning more about delivery

This chapter has sought to outline the broad steps to delivery of a property asset management plan. It is not intended to be a detailed guide to implementation and, property asset managers are strongly urged to consult the extensive information available elsewhere.

Some excellent online sources providing detailed guidance, tools and templates to support the practical delivery of property asset management projects and programmes are readily available.

5.6 Risk

Weak risk management features regularly in project review recommendations and is one of the most common areas of concern. The aim of risk management is to ensure that risks are identified at project inception, their potential impacts allowed for and, where possible, the risks or their impacts minimised by risk management. Deciding upon the appropriate response to a risk, which will then be recorded in the risk management plan, can only occur after a risk’s possible causes and effects have been considered and fully understood. It will take the form of one or more of the following management actions:

- avoidance
- reduction (usually by managing risk during the project); and
- transfer; and
- retention/acceptance.

Risk management involves the following key stages:

- identifying and assessing risks in terms of impact and probability
- establishing and maintaining a risk register and a risk owner identified for each risk. The risk register should be regularly updated throughout the project’s lifecycle
- responding to risks to contain them within acceptable limits. This information forms the risk management plan
- monitoring, updating and controlling risks; and
- feedback on how well risks have been managed and lessons learned.

A suggested approach for assessing the status of each identified risk is against a matrix of probability (high/medium/low probability) and impact (high/medium/low impact). An example of a simple risk matrix is shown earlier in the chapter.
Overview

This chapter discusses the importance of reviewing the delivery processes following the changes to and re-engineering of the property asset base. The effectiveness and efficiency of the overall delivery is measured using metrics tracking the performance of the property asset base not only as an asset but also as an enabler in the efficient delivery of quality services. The results from simultaneous and coordinated asset and operational delivery reviews inform the reviewing teams about necessary process changes and the regular refining of delivery mechanisms over time produces steadily improving service to customers.
6.1 Why a review process?

The result of the property asset management and service delivery planning programmes should be an improvement in the efficiency, effectiveness and quality of services to customers. But, how do we know these improvements are delivering the returns promised in the business cases? This is the reason why delivery reviews are so important. The review process is shown in fig 6.1. The positioning of delivery reviews (5) highlights their importance in business operations and property asset planning. Over time, the regular refining of delivery mechanisms produces better alignment of assets and steadily improved customer service.

6.2 What to review

For property assets there are perhaps four key areas which require review:

- the property asset management processes
- the performance of the property assets in property terms
- the performance of the property assets in business terms
- customer experience feedback.

6.3 Review of the property asset management process

A review of the property asset management process will be appropriate for those organisations where such operations have been in place for some time. It may not be worthwhile where such operations have only recently been established. Here, the evaluation framework is essentially based on an assessment of performance against a description of best practice, whether RICS Guidelines, material from the former Office of Government Commerce (OGC – now available from the GPU) or similar referencing texts available from the Institute of Asset Management, the New Zealand NAMS Group or from the State Government of Victoria, Australia.

6.3.1 Evaluation and assessment framework

Using, for example, these RICS Guidelines, measuring performance would be covered under the following headings:

- property asset management planning
- business case evaluation and project programmes
- delivering the plan
- delivery review
- leadership and change management
- organisation and capacity
- data and information management.

However, every organisation will have different ideas about the activities to be measured and these can easily be accommodated in the evaluation.

For each activity, a series of assessment criteria will need to be developed. These criteria will set down the key elements of good practice, each of which will be capable of assessment to determine how well the criterion is being met. The results will be recorded using a scoring mechanism and will also be weighted in accordance with the requirements, priorities and targets of the organisation.

6.3.2 Assessing performance and improvement action

Objectivity and independence are the key features of good review processes, so the assessment may best be carried out by a manager from another organisation.

Once made, the assessment will be recorded so that the results are easily understood and can be acted upon. The results may be summarised as shown in Figure 6.2. The ‘change’ actions resulting from the review need to be clearly agreed across the organisation and successive reviews will build a trend of results which should show steady improvement.
Whilst in the example above the evaluation framework used has been based on the RICS Guidelines, it is interesting to compare this with differing outlines of, for example, the review material from the former OGC entitled the Property Asset Management Maturity Matrix (PAMCAM – see Glossary). This lists nine aspects of property asset management capability which in summary are:

- corporate governance – who is responsible for the asset management process and who is the customer?
- organisational structure: roles, responsibilities and authority levels – the management of the asset management process, the organisational structure and asset management capability
- property asset management policy, objectives and strategy – the methodology for setting objectives and targets; how strategy is developed and implemented and how government policies are integrated
- information and communication – corporate systems for asset information management
- property asset management planning – the development and implementation of asset plans linked to business strategies and corporate objectives
- acquisition and disposal – the evaluation and management of asset transactions, alignment with the asset plans, financing and sustainability aspects
- in-use performance – managing operational assets, planned maintenance, effectiveness, sustainability and linkage to business delivery
- performance review – an assessment of how review processes are put in place and managed with output linked to objectives, targets and plans.
- property asset management audit – an internal audit of asset management policy and strategy, transition and change profiles, training needs, risk management, quality of asset data and benchmarking results.

A review carried out under these headings can be graded using the Matrix included in the OGC paper, which provides a grid of competences under each of the above nine headings ranging from ‘excellence’ to ‘unawareness’ of property asset management principles and management. The results will enable an organisation to review its property asset management processes and capabilities and produce an action plan for improvement. Assessments on the same framework basis taken at, say, yearly intervals should show a trend of improvements across the Maturity Matrix.

Government departments use the Property Asset Management Capability Assessment Model but at present this is only available to users of ePIMS. The Property Asset Management Maturity Matrix is reproduced below.

Whatever assessment methodology is used, the review should particularly check how effective the organisation is at aligning property assets and other corporate resources with the business and service delivery strategies. Whilst a good indication of the success or otherwise of this vital part of the overall asset and delivery sequence should result from the review process outlined above, this part of the operation is so important that detailed checks on its effectiveness are recommended. This will be carried out by analysing the high level aims of business and service delivery managers and assessing whether the asset management plans designed to support their objectives are meeting requirements. Like other parts of the review, these checks will carried out through interviews with key delivery and asset managers and scored on an organisation-specific matrix. The output will inform both changes to the overall business planning regime and to the more detailed delivery and asset management plans.

Figure 6.2: Assessing performance and identifying improvement requirements
### Property Asset Management Maturity Matrix

#### Maturity Level

<table>
<thead>
<tr>
<th>Performance Property (Unrated)</th>
<th>Corporate Governance</th>
<th>PAM Audit</th>
<th>PAM Planning</th>
<th>PAM Information Systems</th>
<th>PAM Policy, Strategy</th>
<th>Organisational Roles &amp; Responsibilities</th>
<th>In-Use Performance</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

#### Definitions

- **Awareness**: Property recall all of the information necessary for an individual to understand a topic. In the context of PAM, awareness refers to the understanding of the principles, concepts, and terminology related to property asset management.

- **Knowledge**: Property recall all of the information necessary for an individual to perform their job function effectively. Knowledge in PAM includes the ability to apply principles, concepts, and strategies to specific situations.

- **Competence**: Property recall all of the information necessary for an individual to do their job function effectively. Competence is the ability to perform tasks and achieve desired outcomes with a high level of quality and efficiency.

- **Maturity Level**: The level of development of property asset management within an organisation.

#### Key Aspects

- **Organisational Roles & Responsibilities**: The structure and roles within the organisation that are responsible for property asset management.

- **PAM Audit**: The programme including sustainability, embedded and linked to governance and improvement regimes. Skills & training needs identified. Well-documented and procedures and KPIs embedded for performance measurement and benchmarking. Asset registers fully populated. Service capability assessments with Parent Department established for roll-out across sponsored bodies. Skills needs addressed.

- **PAM Information Systems**: Acquisition and disposal driven by needs identification, full economic and whole life performance evaluation undertaken, and consideration. Supply chain strategies and project management structures embedded. Risk/sensitivity analysis used.

- **PAM Policy & Strategy**: Formal statement setting out position on PAM in terms of appropriateness for scale and nature of assets, including setting PAM objectives, including sustainability, and evidence of alignment with business strategy.

- **PAM Planning**: Procedures in place to monitor and measure the condition, criticality or performance of assets in-use. Sustainable risk based preventative maintenance used. Emergency related response, resilience and business continuity plans in place.

- **PAM Information Systems**: Acquisition and disposal driven by needs identification, full economic and whole life performance evaluation undertaken, and consideration. Supply chain strategies and project management structures embedded. Risk/sensitivity analysis used.

- **PAM Board**: PAM board being established, boundaries with other committee structures being worked through. Linkages between time-based and asset-specific PAM, and between PAM and sponsored bodies and located at PAM Board level. Visibility & transparency of relationships and decisions being developed for PAM.

- **Knowledge**: PAM Board being established, boundaries with other committee structures being worked through. Linkages between time-based and asset-specific PAM, and between PAM and sponsored bodies and located at PAM Board level. Visibility & transparency of relationships and decisions being developed for PAM.

- **Organisational Roles & Responsibilities**: Executive Management & Strategy

#### Example

- **Executive Management & Strategy**: All PAM capability & capacity requirements in place, with structure, roles and responsibilities embedded, reflecting size and documented. Senior managers fully conversant with business, technology and sustainability implications of PAM.

#### Long-range Strategic Planning

- Long-range strategic planning, social, environmental and technological and market forces considered at business strategy and PAM levels. Decisions on acquisition and disposal fully embedded into long-range strategic planning.

#### Reactive, Ad hoc and Informal

- No consideration given for the need to have PAM Plans that relate investment to achieving PAM strategy and objectives.

- No consideration given to the need for PAM audits; or where it occurs it is reactive & unplanned.

- No procedures exist to monitor, measure or review the PAM framework in the organisation.

#### Proactive Planning of PAM Information Requirements

- Regular dialogues with relevant stakeholders. Information is actively analysed and used to inform strategy and decision-making.
6.4 Review the performance of property assets in property terms

The performance of the property asset base should also be reviewed to track its progress internally over time and against the performance of the property assets in other organisations. So, senior managers may wish to see metrics developed which, for example, track:

- property costs as a percentage of total expenditure
- property costs per full-time staff member and cost per square metre
- space usage and efficiency of use: space per workstation, people per workstation
- vacancy and surplus space
- sustainability measures relating to carbon emissions, waste, recycling, etc.
- community property asset transfers and community use of property assets.

Property asset measures will largely relate to the usual cost, space and utilisation metrics but wider factors associated with efficiency and effectiveness should be included. This quantitative information can be used to improve the efficiency of the property asset base and to benchmark with others, the aim being to improve the performance of the property portfolios of a number of organisations.

The challenge for the organisation is to develop and operate a review process which adds value but is part of business as usual; in other words the review process should not create a ‘measurement industry’ within the organisation.

6.5 Review of assets: user satisfaction; additional measures

User satisfaction, both workforce and customers, is important along with sustainability, risk management and a periodic assessment of outsource/in-source of property asset maintenance and property management services.

The aim is to focus on a select number of key elements of the property asset base performance and report these to senior managers, although property asset managers may wish to collect a more comprehensive set of metrics for their own management purposes.

How should we review the performance of assets as experienced by customers and staff at the point of delivery? Essentially, by asking customers to complete surveys, either directly person to person or by the completion of short survey forms. It should be possible using a simple scoring system to obtain an accurate indication of the how the assets are performing in this way. Such information should be augmented by a similar survey for delivery staff, asking in addition what comments they received (or heard) from customers about the suitability of the accommodation assets. To give a complete view, operational managers should also be asked to give their views. Once again an organisation-specific matrix will be used to record and score results.

The analysis of this review feedback data should be carried out jointly by operational and asset managers and results assimilated into the service delivery strategy (2) and asset planning (3) as shown in Figure 6.1 above. This will enable changes in both service delivery plans and in accommodation assets to meet the points made by customers and staff. The use of these review processes over time should result in a continuum of improvements in delivery arrangements.

6.6 Property asset performance and the business – the balanced scorecard

To measure the contribution of property assets to overall organisational performance, a balanced scorecard approach is helpful. The structure of the Public Sector Scorecard as set out by Moullin in 2002 (see Figure 6.3), places performance against long-term strategic objectives at the centre of measurement perspectives.
The surrounding performance ‘beacons’ include the broadly familiar input, output, operational and intellectual metrics. In the illustration of a generic property asset-focused scorecard in Table 6.1, the measurement entries are grounded on the organisation’s strategic objectives with measurement metrics/methodologies designed to provide valuable feedback to operational and property asset managers. The scorecard focuses on a relatively small number of metrics which the organisation identifies as key drivers towards improved service delivery to its customers. The influence of the property asset base on the quality, effectiveness, efficiency and economy of delivery can be assessed through such a well-constructed scorecard.

The benefits from the use of the scorecard are a better alignment of the plan, process and performance metrics of the organisation with customer expectations and demand. The balanced scorecard provides a methodology for looking at the interrelationship between property assets and organisational performance. The scorecard might be designed, for example, to monitor the contribution of the property asset base to the co-location of services and moving services closer to customers, the culture change and improved productivity of the workforce or the social and economic regeneration of sustainable communities.

6.7 Using the results

Taking the property asset measures and the results of the balanced scorecard together, the organisation is now in a position to measure its overall performance within its quality management system. Performance assessment should be part of day-to-day working not an addition rolled out from time to time to keep the audit team happy. Many service delivery organisations look to ISO 9001 as a basis for audit and measurement and indeed this is a good discipline. The SMART (specific, measurable, agreed, realistic, timed) objective system will give a lead about what should be measured and enable a sensible set of metrics to be generated.

Table 6.1: A Property Asset Scorecard

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Operational measurement areas for property assets</th>
<th>Measurement methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRATEGIC</td>
<td>Achieving/assisting in achieving, corporate objectives</td>
<td>Improving quality of accommodation; reducing space usage</td>
</tr>
<tr>
<td>CUSTOMER &amp; STAKEHOLDER</td>
<td>Satisfied customers; contributing to satisfied stakeholders</td>
<td>Talking to customers, staff at all levels about the accommodation ‘experience’</td>
</tr>
<tr>
<td>OPERATIONAL EXCELLENCE</td>
<td>Effective and efficient operations</td>
<td>Better space aids delivery staff; co-location of delivery streams helps customers and other stakeholders; flexible working; efficiency in space usage</td>
</tr>
<tr>
<td>FINANCIAL</td>
<td>Value for money; budget adherence</td>
<td>Financial metrics</td>
</tr>
<tr>
<td>INNOVATION &amp; LEARNING</td>
<td>Best practice captured and new ideas continually trialled</td>
<td>Performance compared to other organisations; research about new ways of working/delivery of services</td>
</tr>
</tbody>
</table>

Following Moullin 2002
Some organisations may also use an assessment method adapted from the European Foundation for Quality Management (EFQM) Excellence Model which includes all of the process, people and resource factors.

A successful performance review procedure will involve:
- the measurement of performance as described in the preceding paragraphs
- analysis of results against key performance indicators (KPIs)
- benchmarking; and
- recommendations for improvement.

In carrying out these reviews it is vital that the reviewers have a complete understanding of the organisation’s direction and objectives, with an awareness of the key challenges and opportunities.

Whilst some KPIs may be contentious, the indicators must be defensible, reliable, consistent and available over time so that reliable benchmarking can be carried out internally and externally. However, measuring for the sake of it makes no sense, so metrics must be completely relevant to the organisation and, as far as possible, cover all aspects of operations.

6.8 Benchmarking

The assessments, metrics and measures described above will provide information which will be compared to past performance within the organisation and enable comparisons with other similar organisations elsewhere.

This comparative benchmarking, as it is called, provides a valuable insight into performance trends, potentially giving ‘sightings’ of how the operations might be re-engineered to further improve services.

Internal performance measurement provides a trend line of performance, hopefully improving over time. It will immediately show where lapses in the performance of property assets or services have occurred and enable immediate remedial action to be taken. External benchmarking offers the prospect of using the experiences of other organisations to leverage performance ‘at home’. Again this will highlight lapses of performance compared to other organisations but care is needed to ensure that the metrics being compared are indeed entirely comparable – ‘the apples with apples’ comparison.

A limited number of benchmarking groups have been created over the years. The Investment Property Databank (IPD) oversees two schemes in the public sector, one in central government and the other in higher education.

In the local authority sector, the National Property Performance Management Initiative (NaPPMI) Performance Indicators are now accepted as the ‘industry standard’ for property asset management in England and Wales and are recommended by the DCLG.

For those taking part in benchmarking schemes, there are key essentials to bear in mind:
- mutual trust and honesty, openness and a complete willingness to share information
- fully agreed and clear operational rules from the outset with an agreed operational programme
- agreement of key metrics and methodologies for collecting data and calculating performance.

The benefits of such benchmarking schemes include the innovation which comes from organisations that are trying out initiatives which may have inter-organisation application, the attention which can be directed towards the big efficiency and effectiveness drivers and the focus on under-performing property assets requiring particular management attention.

The demand for reliable performance measurement and benchmarking has resulted in the Federation of Property Societies (FPS) in conjunction with the Association of Chief Corporate Property Officers (COPROP) launching an Administrative Buildings Performance Module which will be known as ‘Office Estate’. This initiative was promoted by members reporting dramatic variations in office space per employee and property costs per workstation with the best authorities saving 50 per cent compared to others.

The development of a Property Management Module by FPS and the Association of Chief Estate Surveyors (ACES) provides local authorities with quality management information, performance indicators and other property asset based operational information, and gives a further opportunity for performance measurement and benchmarking by participating authorities.

A note of caution here relates to data management and benchmarking. The variety of systems across the public sector will produce compatibility and comparability problems and these will need to be carefully handled.

6.9 Reporting and improvement action

Property asset and service performance will be reported to the senior management board and the inter-linkage should be emphasised so that there is no doubt about the benefit resulting from resources being invested in cross-organisation property asset management. It is important to ensure that property jargon is cut from these reports which should first focus on the business delivery effects of property asset management and then on the financial and operational advantages of the property asset performance reviews and benchmarking.

The final step is to feed the results of the performance reviews back into the overall property asset management process at the planning stage. This will provide input into the next round of delivery and property asset planning reviews as a new round of property asset strategy planning begins – (2) in Figure 6.1 above. This continual plan (3), deliver (4) and review (5) sequence will result in improved economy, effectiveness and efficiency through the portfolio and better quality service delivery to customers.
LEADERSHIP AND CHANGE MANAGEMENT

Overview
This chapter describes the leadership and change management attributes that are needed to ensure efficient and effective property asset management and, if necessary, to change the way in which an organisation deals with its property asset base.
7.1 Leadership

7.1.1 Leadership skills

Textbooks on leadership will typically list, as the attributes of a leader, such matters as those shown in Figure 7.1. It is not the purpose of these guidelines to consider these in detail here and readers wishing to learn more about the principles of leadership may wish to consult such texts.

A leader in property asset management will also need:

- a broad, but not necessarily a detailed knowledge, of property matters; and
- an empathy with and an understanding of the core business objectives of the organisation and the business environment in which it operates.

7.1.2 Leading the property asset management agenda

Leading the agenda requires an ability to formulate and promote a property asset management plan that supports and develops the business objectives of the organisation. The effective leader will work with relevant decision-making boards and groups, internal stakeholders and partners and customers/users/clients to identify needs, develop, and then achieve, agreed objectives. This will often be a different role than the one hitherto adopted by property managers in the public sector, where the requirement may have been for highly effective property management expertise and property management services, reacting to client requirements. This different role will require different leadership skills as set out below.

Property asset management context:

- business leadership
- understanding the difference between property asset management and property management
- enthusing the organisation about property asset issues
- understanding financial management and property asset related finance.

Property asset management planning:

- understanding business planning and business process
- presenting a clear vision for the future of property assets in the organisation.

Property asset management delivery:

- understanding strategic procurement issues related to property
- understanding the management of corporate projects where property is a significant element.

Performance in property asset management

- understanding the relationship between business and property asset performance
- managing the strategic performance of property assets.

Organisation in property asset management:

- promoting effective information management
- building the corporate structures, roles and responsibilities for property asset management

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Figure 7.1: Attributes of a leader

<table>
<thead>
<tr>
<th>LEADERSHIP</th>
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<tbody>
<tr>
<td>Visionary and strategic - sees “the bigger picture”</td>
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<tr>
<td>A change agent</td>
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<tr>
<td>Motivational and inspirational - with integrity</td>
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<tr>
<td>Challenging - experimental - innovative</td>
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<tr>
<td>Understanding of self and of people</td>
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<td>Empowerment of, and delegation to team</td>
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<td>Communication, listening and presentation</td>
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<td>Problem solving and results orientation</td>
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<td>An 80 / 20 approach</td>
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<tr>
<td>Courageous and determined, confident and decisive</td>
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<td>Overall organisational ability</td>
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<td>Forgiving of “reasonable” mistakes</td>
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</table>
- structuring a property asset management team and particularly a ‘client’ capability

- introducing property asset management business processes.

Property asset management team building:
- building a corporate property asset management team
- developing the individual skills of property asset management staff.

Communication on property asset management:
- communicating property asset issues precisely and simply
- convincing senior managers of the importance of property asset issues to business performance
- persuading operational managers to achieve corporate property asset objectives

The relationship between the attributes of leadership shown in Figure 7.1 above and the main activities of property asset management are shown in Figure 7.2.

**Figure 7.2: Bringing leadership attributes to property asset management activities (some examples of the main relationships)**

<table>
<thead>
<tr>
<th>Leadership attributes</th>
<th>Property asset management context</th>
<th>Property asset management planning</th>
<th>Property asset management delivery</th>
<th>Performance in property asset management</th>
<th>Organisation in property asset management</th>
<th>Property asset management team building</th>
<th>Communication on property asset management</th>
<th>Change in property asset management</th>
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<tbody>
<tr>
<td>Visionary and strategic – sees ‘the bigger picture’</td>
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7.1.3 Developing leadership skills

A person charged with responsibility for property asset management in an organisation should have access to appropriate training in order to fulfil a corporate property asset management leadership role. In many public organisations these skills need development and should be programmed and properly funded. Leadership development may be provided by:

- secondments to other management positions, for example, in the ‘corporate centre’
- training and development programmes
- longer-term sponsored education (e.g. MBA, MSc, diplomas, certificates, specialist programmes, etc.)
- targeted external conference/workshop/seminar attendance
- structured self-learning
- managed personal development plans
- external challenge and mentoring
- consultancy support aimed at knowledge transfer
- working with other organisations that are dealing with similar issues.

7.2 Change management

7.2.1 The need for change management skills in property asset management

Elsewhere in these Guidelines, the need for both property asset management process review and ongoing property asset performance review is discussed. Both types of review will often result in changes across the whole organisation rather than solely within the services that directly manage the property assets. Making these changes can be challenging and sometimes the property asset manager may not be familiar with the change management techniques needed. Again, it is not our purpose to reproduce extracts from management texts or to repeat management principles on change management. Property asset managers may resort to these texts to apprise or remind themselves of these matters, should they wish to.

7.2.2 Understanding the nature of change in property asset management

The types of change that may be encountered by, and sometimes managed by, a property asset manager fall into two broad categories:

- property change – changes to the property asset base itself
- organisational change – changes to the way the organisation (or parts of the organisation) behaves.

Each of these two categories can be subcategorised as shown in Figure 7.3.

Figure 7.3: Types of change in property asset management
In the case of property change, this chapter does not cover the implementation of the actual changes that may be needed to the property asset base, as these are technical in nature. To some extent they are covered elsewhere in these Guidelines and comprehensively covered in a multitude of RICS and other texts elsewhere. It is assumed that practitioners are relatively well versed in, for example, acquisition and disposal, the creation of new property assets, property asset improvement or changes to maintenance regimes.

The remainder of this chapter will focus on organisational change, as it is here that a property asset manager may be called upon to play a much wider role than simply making responsive changes to the property asset base.

These Guidelines have already stressed that property asset management is a ‘whole organisation’ or ‘corporate’ activity, frequently led or facilitated by the property asset manager. This means that major property projects will be dealt with corporately rather than solely by the property asset manager, as they will have an impact on all, or significant parts, of the organisation. In turn, this means that they will have many other aspects, than simply property change. It will not be sufficient for the property asset manager to act solely as the property change manager. The organisation may, and often will, expect the property asset manager to manage, orchestrate or be a leading part of the entire range of corporate changes associated with a major property project.

### 7.2.3 Types of organisational change

The property asset manager can typically be at the centre of the following examples of organisational changes.

These may impact on property asset management activities and/or on wider organisational change, for example:

- the organisation’s attitude to corporate property asset management
- the resources, capability and capacity of the organisation to achieve effective property asset management and the implementation of major corporate property projects
- the business processes required to manage property assets corporately and effectively and the business changes associated with major corporate property projects
- the structure, roles and responsibilities for corporate property asset management and property change associated with structural changes in the organisation
- securing environmentally and financially sustainable property assets
- securing internal and external building and property environments that are commensurate with 21st-century public sector operational requirements.

### 7.2.4 Attributes of good change managers in property asset management

Some of the attributes that will help to make corporate change happen (to move from the ‘old way’ of doing things to the ‘new way’ of doing things) are captured in Figure 7.4.

### 7.2.5 A long haul

Patience and determination are also change management attributes of the successful property asset manager, especially bearing in mind the long lead-in times for property change.
CHAPTER 8

ORGANISATION AND CAPACITY

Overview
This chapter considers the key organisational elements that an organisation should put in place to ensure effective property asset management. It covers the key features of capability and capacity in property asset management.
8.1 Organisational culture
The culture and attitude of an organisation in relation to property asset management is often a more significant contributor in delivering property asset ‘success’ than the organisation of the property asset management function itself. Property asset management success can be measured in many ways, but to be completely effective, the property asset management function must embrace and be supported by the whole organisation.

A successful organisational culture, therefore, will see the use of property assets as a corporate issue and the efficiency and effectiveness of property asset use, as a corporate responsibility.

8.2 Features of good property asset management
It would be wrong to seek to identify one specific model that embraces all the best business features of property asset management. There are, however, a number of key elements that should be present. These are covered in turn in the paragraphs which follow.

8.2.1 Good linkages to corporate aims and objectives and corporate decision-making
An organisation needs to be able to translate its high-level ambitions into property asset aims and objectives. In some cases they can be related to prioritisation of operational objectives or they may be related to policies or standards, such as reduction of energy use, or the imposing of space standards. In all cases this high-level process requires property asset managers to engage with the organisation at ‘corporate’ level and develop a robust ongoing relationship with key policy developers and decision-makers.

8.2.2 A defined ‘lead’ on property asset management and full involvement of all key operational and corporate business areas
It is important for there to be a clearly defined ‘lead’ on property asset management within the organisation. Often, but not always, this will be the head of property or the property asset manager, who will be the manager in the organisation that orchestrates property asset management as a corporate activity. Those concerned with property assets across the organisation must be clear that all major property matters must be referred to the ‘lead’ on property asset management as soon as they arise. Operating units within the organisation will often have differing and sometimes competing accommodation requirements which may need to be corporately prioritised.

It is clear that if there is to be comprehensive engagement of those with an interest in property assets across the organisation, then good and regular communication and reporting lines between them, will be required.

8.2.3 Clear accountability for property asset management decision-making at ‘board level’
There should be clear accountability for property assets residing within the senior management team. This is likely to be the senior management team member who has the responsibility for the performance and deployment of property within the organisation. If that is not the head of property then it is likely to be the head of property’s line manager (director). This is not a claim to have the head of property at board level (for that is a separate argument) but a claim to have someone with clear accountability for its performance at that level. The same reasoning applies to having a senior politician accountable for property matters, at political decision-making level, if applicable.

8.2.4 Separation of strategic property activity and day-to-day property decision activity
Ideally property asset management functions should be provided separately (although they may be in the same unit/department) from day-to-day property management functions. There are two reasons for this: first, the two activities require different skills (see later in this chapter); secondly, it is often difficult to avoid urgent and short-term work pressures in favour of the long-term less immediate, though important pressures.

8.2.5 Integration with financial planning
Property asset planning needs to be integrated with the capital and recurring expenditure planning of an organisation. Often these are carried out in isolation with a result that neither can be effectively delivered. The key relationship is with the financial planning process, but it is also important that ongoing monitoring of strategic financial information continues, for example total maintenance expenditure, overall income collection, total energy expenditure. Only in this way will there be an awareness of the benefit of aligned property asset management and, for example, financial efficiencies.

8.2.6 Good linkage with other central and support functions
Property asset management, as a central or support function, needs to work closely with other central and support areas to deliver organisational objectives. Many property asset-led initiatives require great input from other resource areas, to be realised. For example, the success of increased office space utilisation often relies just as much on new ways of working, skills and competences and the development of IT as it does on the fabric and design of office space.

8.2.7 An explicit and effective annual business process for property assets
The property asset business process needs to be very closely related to the overall corporate business process. This applies to planning, budgeting, resource allocation, performance monitoring, project management and benefits realisation. An explicit business process for property assets must be designed and implemented and this process should be fully integrated with the other business processes of the organisation.
8.3 Roles and responsibilities

Although the organisational structure for property asset management within any organisation may vary, it is worth highlighting a number of key roles and responsibilities below, many of which put the key elements of business process described above, into effect.

8.3.1 Senior manager for property asset management (SMPAM)

The SMPAM is responsible for putting the necessary property asset management processes into place and for achieving property asset performance and outcomes aligned to the organisation’s aims and objectives.

It is worth noting that this function is not one that should be, or is readily, outsourced and it should reside within the organisation.

8.3.2 Corporate property asset management group (CPAMG)

The CPAMG is typically a corporate group made up of representatives from operational and central departments within the organisation. The group would have an overall responsibility for developing a corporate approach to capital planning and expenditure and the use of property assets throughout the organisation, and it would manage the implementation of the agreed property asset management plans and capital strategy. Recommendations from the group will be reported directly to board members, senior decision-makers and senior politicians as appropriate.

The SMPAM would be a key member of this group, may act as the chair and would organise the facilitation of the group. Normally, the representation would be made up of senior personnel from major operational areas and resource sections.

8.3.3 Property asset champion

The property asset champion must sit on the top management team, or be a senior politician and/or board member and take the responsibility for getting the ‘property asset voice’ heard at the top of the organisation and getting CPAMG recommendations adopted and followed. In this regard, the property asset champion would liaise closely with the SMPAM and be aware of the property asset management needs of the organisation to enable these to be set in context against other strategic needs and priorities. In some organisations the SMPAM and the property asset champion may be the same person.

8.4 Corporate structure

The simplified structure shown in Figure 8.1 identifies the key roles and responsibilities that need to be present to facilitate a successful corporate approach to property asset management. Clearly there are also many other mechanisms that will need to be in place to enable this structure to succeed, such as consultation methodologies and decision-making structures in the wider organisation.
8.5 Corporate capability for property asset management

While most of this guidance is devoted to explaining the main tenets of property asset management, it is worth summarising here the key capabilities that an organisation must possess (or procure) to practice effective property asset management. A significant source for this list is the University of Leeds (Improving Property Asset Management in the Central Civil Government Estate: A Report for OGC, University of Leeds, 2006).

A good practice organisation must have good capability to:

- develop and implement property asset management policy
- establish and review roles and responsibilities for corporate asset management
- ensure communication on property asset management across the organisation
- undertake good property asset management planning
- manage programmes and manage corporate projects
- manage and implement construction, acquisition and disposal
- operate and maintain its property assets
- manage and review performance
- financially account for its assets
- audit and review the property asset management process.

The Property Asset Management Capability Assessment Model (PAMCAM) is a good tool to enable organisations to assess their capability. It was developed by the former OGC (now GPU) and the National Audit Office (NAO) as a tool to help organisations identify how far they differ from best practice across their corporate functions. PAMCAM is currently available through the GPU.

8.6 Developing corporate awareness and capacity

Given that property asset management is an integral part of an organisation's strategic business management, all relevant personnel across an organisation need to be aware of the key elements of successful property asset management and the capabilities needed and, where necessary, should have awareness and training programmes made available to assist them:

- politicians and/or board members need to be familiar with the broad concepts and principles of property asset management
- senior and operational managers, who by virtue of their position have an influential role in the strategic direction of the organisation or its key activities, need a high level understanding of property asset management
- estates, construction, facilities and M&E practitioners who may play a leading part in property asset management processes need support in developing capability and capacity in terms of property asset management but also in their understanding of strategic business management
- other key operational or central staff who are significantly involved with property in the organisation need a high level of understanding of property asset management
- those in roles supporting property asset management, such as information systems support and administrative roles, will need training and development to enable them to fulfil their roles and the context within which they undertake them.
8.7 The organisation of a property asset management unit

While the organisation must have the capability to undertake effective property asset management, the majority of the capacity to do it is often provided by an integrated property unit. This integrated property unit may have all the functions in-house, or from shared teams (with other similar organisations) or from a third party (i.e. outsourced); the detailed capability that would be expected, whether in-house or not, is shown in Figure 8.2.

The balance of ‘in-house’ and ‘out-house’ will depend on the characteristics, approach and philosophy of the organisation concerned. However, whilst technical functions often lend themselves to outsourcing, strategic functions, which are closely related to the implementation of core business strategy and core business objectives, may not be suited to outsourcing, being so strongly related to the delivery of the organisation’s core business strategy.

These strategic functions are sometimes referred to as the ‘client side’ or ‘intelligent client function’. The two differ slightly as the former is aimed at properly managing outsourced services and the latter is aimed at making sure that the organisation’s property requirements are properly catered for, efficiently and effectively. This ‘intelligent client’ role coherently articulates the details of the organisation’s accommodation/property requirements. The ‘client side’ makes sure that a third party delivers those requirements. Whichever it is, the organisation will be wise to ensure the full range of capabilities noted in diagram 8.2 are all catered for within it. Therefore, caution needs to be exercised here and it will be important to retain a strong ‘client side’/‘intelligent client function’ in-house, to oversee outsourced or shared functions and to make sure key strategic plans are developed effectively and are delivered as required (see also para 10.7).

Even if all ‘technical functions’ are provided in-house, this ‘client side’/‘intelligent client function’ capability is the one that in the longer term should orchestrate successful strategic property performance and hence the capability and capacity to undertake it should be properly planned.

![Figure 8.2: The capability of the property asset management function](image-url)
This chapter describes the need for data excellence in property asset management, with a suggested guide to defining and implementing the systems required. It also proposes an approach to managing and maintaining data to ensure the long-term accuracy of the information.
9.1 The importance of data

Excellence in the property asset management process is possible only if operational and management data is accurate and comprehensive. Data is a crucial prerequisite for the development of property asset management plans, evaluating and appraising options, decision-making and planning, and in the performance management processes.

Data will come from a wide variety of sources and will relate to property assets and to the operational delivery of services to customers. It will not, of course, contain personal customer information but will include customer and staff feedback.

The volume of data will be considerable even within relatively small organisations and it is valuable only if it is current, correct, complete and consistent. It must be held in a readily accessible multi-access system, enabling processing and reporting in changing formats without delay or difficulty. Where not already available, organisations must plan to equip themselves with systems and processes to capture, record and manage the property asset base data effectively, then manipulate, consolidate, update and report information clearly and efficiently and, in particular, ensure that resources are kept in place to keep the data updated.

It is important to note that while good data is essential to good property asset management, it will take some time to implement a new data system. This does not mean that nothing can be done in the meantime and it is frequently the case that by using pre-existing data in an innovative and creative manner, good initial progress can be made, especially if there are immediate property asset planning issues that must be addressed.

9.2 Use of and types of data

The data and management system will be used to:

- enable accuracy in property asset reviews, appraisal, decision-making and planning processes
- monitor and assess the implementation of property asset management plans and property asset performance
- satisfy statutory and other external reporting and compliance requirements
- support the continuous management and maintenance of the property asset base; and
- maintain a complete and accurate property asset register.

The data required to meet these requirements will generally follow the format in the following list, irrespective of the size of the organisation:

- core data about each property asset which changes very little over time, for example, location and physical characteristics
- additional data which changes and describes the state of the property asset, for instance, condition and backlog maintenance schedules
- financial data
- energy consumption and environmental performance
- data which, for example, describes the progress of strategic initiatives and programmes such as capital projects and disposal programmes
- where the organisation controls a tenanted commercial property asset base, a range of data covering lease and tenancy details, rental income and so on
- data to be used for planning and performance management purposes; and
- operational data, with links to other databases, to enable the preparation of performance assessments of property assets and the part which property assets play in the quality of delivery of services to customers.

While all organisations will have systems and processes for maintaining, managing and reporting property asset data, these are often of variable quality. The first step on a path to improvement is to define the required data and the likely reporting structure and then to develop a functional specification for the required system. The resulting specification can then be used to analyse the organisation’s options and determine a strategy for sourcing suitable systems.

9.3 Defining data and reporting requirements

The steps involved in defining data and reporting requirements are:

- a review of the property asset management business processes
- agreement of the key performance indicators (KPIs)
- linkage to data needing to be ‘pulled’ from other organisational databases; and
- confirmation of the likely reports required.

Going through each of these steps enables the following:

- the identification of base data that must be maintained
- mapping of the base data requirements to check that the data is actually collected, recorded and maintained in identified business processes
- identification of system processing needs and further reporting requirements; and
- confirmation of the staff members to be responsible for data maintenance.
9.4 Prioritisation

It is rarely possible to introduce new data management processes and systems in one step, so prioritisation is needed to identify the order in which data and property asset management processes will be ‘migrated’ to the new system. It is appropriate to emphasise again that a mixture of property asset and operational data will be required so a key priority is to ensure that the property asset management and data system will enable reporting on the KPIs. The whole system must be relevant and add value to the operational outputs of the organisation, not just be of use to the property asset managers.

9.5 Property asset data structure and categorisation

A key aspect of the data definition will be determining the property asset database structure. Although different types of properties are different physically, it is useful to determine a standard methodology for recording all of the types of property asset being managed. The highest and core data level will usually be the ‘site’ and subsequent levels will describe ‘buildings’, ‘blocks’, ‘floors’ and ‘rooms’. The level at which areas of ‘land’ within a site are defined will also need to be decided. In practice, software systems may force a particular configuration, but care needs to be taken to ensure that the chosen system does not inconveniently skew the overall property asset management database or the reporting structure.

Thereafter, it is important to decide at what level each type of additional data will be recorded, for example, costs, condition, space utilisation, and the like. Of course, some of these types of data will only apply to certain types of property asset and the categorisation discussed above should reflect these circumstances.

This process is represented in Figure 9.1.

An initial evaluation of the system needs will be made on the basis of the data and the agreed reporting requirements but these are not the only factors influencing selection. Data and reporting and how data is processed represent the functional requirements but there is a set of non-functional aspects about which the organisation needs to make decisions. These are also important in shaping the most suitable technology solution, for example:

- the locations at which data needs to be accessed by users
- the types of users that need access to the data
- the number of different reporting formats
- the workstyle of users and remote access to data
- the security and access controls required
- expectations of system performance and capacity; and
- where other data needs to accessed and the possible different security ‘tags’ on customer and staff related data.

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**Figure 9.1: Example of core data structure and additional data**
9.6 Options for systems

The functional and non-functional requirements will be documented and agreed to provide the criteria against which options for systems can be evaluated. The challenge is to make sure that the property asset management software chosen is properly integrated within the organisation’s management information systems.

The requirements definition will have identified a wide range of data that will need to be maintained and reported. Ideally, all of this would reside in a single system but in reality, information will need to be drawn from elsewhere, particularly that relating to KPIs. Non-property asset management based data will include:

- central finance
- graphical information systems (GIS)
- computer aided design (CAD)
- the land and property terrier
- energy management (BMS)
- project control
- human resources; and
- customer and staff feedback to enable KPI assessment.

The overall objective is to ensure that data only needs to be entered once and that it is maintained consistently and automatically across the organisation’s databases where it is duplicated. These systems will need to be linked together logically by a common property asset coding system and structure. Of prime importance will be the allocation of a unique reference number for each property. If new equipment or software is required, a business case to authorise the expenditure will be needed.

9.7 Implementing systems

9.7.1 Sponsorship and resources

The property asset management system will not be successfully implemented unless the organisation is prepared to commit appropriate resources to the initiative, both during the implementation and thereafter. Crucial to the project will be the continuing support of the senior stakeholders who will need to allocate resources from their teams and potentially make changes to their mode of operation over time in response to the business process definition work.

9.7.2 Project management

The other crucial factor for successful implementation is project management. Whatever approach and methodology is adopted, the key elements that must be in place include a dedicated project manager with a project board, hopefully chaired by the organisation’s ‘property asset champion’, and a supportive and suitably experienced project team.

9.7.3 Other key implementation activities

Other key activities during implementation will include:

- user acceptance testing
- user training and procedures – ensuring that users are trained ‘just in time’, probably using role-based training techniques and in a way that is relevant to the business processes and procedures
- ongoing support planning; and
- data migration.

9.8 Managing and maintaining data

9.8.1 Data governance and management

The wide range and potentially large volume of data means that organisations will need to put in place an appropriate management structure to ensure that the data is properly defined, managed and maintained.

9.8.2 Responsibility for data

It is necessary to define at the outset who will be responsible for maintaining each type of property asset data and which types of property asset data must be collated centrally for strategic property asset management purposes, performance measurement and other corporate and organisation-wide reporting.

9.8.3 Standards for data definition and the data management handbook

A central reference needs to be established covering data governance, management and system activities. This property asset ‘data management handbook’ documents the different data types. It sets out how the data types are related to one another and the various rules and standards, including those that govern how the data will be recorded, quality criteria for the data and responsibilities for maintenance.
9.8.4 Sustaining data quality
The data manager should also be concerned with maintaining the quality of data on an ongoing basis. There are two distinct strategies that can be employed. First, quality can be built into the process or data can be monitored once it has been recorded. This will involve, for example, ensuring those who are responsible for maintaining data do so according to the defined data management handbook standards. The second strategy involves the development of processes for auditing the data, on some defined regular basis, and perhaps at the time of specific data collection programmes. The likelihood is that both will need to be used to ensure ongoing high standards of data integrity.

9.9 Collaborative property asset planning
The property asset management scene has already changed substantially for most organisations. Until recently, the focus of property asset managers was on their organisation’s portfolio alone. Today, all public bodies are mandated to work together to create a delivery system which maximises the collaborative use of public property assets. This may also involve third and private sector involvement in operations and delivery.

This presents additional responsibilities and complexities for the property asset manager, introducing further consultation streams into the preparation of collaborative property asset management plans and potential system issues for data collection, management and benchmarking.

If these additional cross-organisational requirements are known when systems are being established, they can generally be incorporated. More difficult challenges emerge when requirements change in the middle of a systems project or midway through the property asset planning programme. The key consideration is to specify as much flexibility and capacity as possible for all aspects of system design and infrastructure. As always, affordability will place a limit on the amount of forward planning possibilities that can be accommodated.
Current Issues in Public Sector Property Asset Management

Overview

These guidelines have generally refrained from making references to current property asset management issues in the foregoing chapters as, over time, these issues develop and change. The basic principles of property asset management set out in the foregoing chapters are more enduring. Nonetheless, it may be helpful to mention briefly some of these current issues, as they stand at the time of writing.
10.1 Property asset change as a catalyst

A generic issue, which arguably has always been a major consideration, is that changes to property assets can be a catalyst for much wider organisational change. Some may argue that organisational change comes first and property asset change follows it as an implementation tool. In theory this is logical. However, in practice, organisational change may need facilitation, as it is often difficult to achieve, with extremely long lead-in times, particularly when it requires a change in organisational culture. Take, for example, a change in the working practices of the staff of an organisation, moving from traditional one person one desk, cellular offices and fixed attendance periods, to flexible working with modern workspaces. It is a truism to say that this does not happen without a physical change in the office space occupied, as well as changes in the ICT platforms and HR policies. Thus, the property assets will be hand-in-glove with the organisational change and often will ‘make the pace’ for the organisational changes.

This brings with it two challenges. First, the property asset manager will need to be well versed in these wider organisational changes. Secondly, where change in property assets is a major part of the flexible working project, the property asset manager may be called upon to lead the project team.

It appears that over the last few years there has been growing awareness of this, and when taken with the very significant amounts of capital and current expenditure tied up in pubic sector property assets, it has brought unremitting attention to public sector property asset management.

10.2 The Localism Act

The Localism Act brings about some significant changes in the way public property assets are managed, owned, shared and financed.

Among the changes proposed which may be relevant to property assets are:

- greater local authority and community powers over housing and regeneration
- the right of communities to take over the running of local services
- the community right to buy
- the abolition of regional strategies
- communities producing neighbourhood development plans
- reform of the local planning system
- the community right to build
- community consultation before making very large planning applications
- changes to the community infrastructure levy
- social housing tenure and allocations and homelessness reform; and
- reform of council housing finance (the housing revenue account).

Coupled with the localism agenda is the desire of government to roll back central controls. This may lead to greater fragmentation of responsibility in the public sector as responsibilities are moved out to the community. Keeping a strategic grip on efficiency and effectiveness may become more challenging and will put a premium on improved collaboration (see below) and also on effective public sector property vehicles (see below).

10.3 Property rationalisation

There has been significant activity in this area over the last few years resulting in public sector property assets being declared surplus. However, a number of reports have suggested that more needs to be done to improve public sector property assets while at the same time reducing the public sector property asset base, reducing costs and where possible, releasing capital. Not only are there potential financial benefits but there are also potential benefits in customer experience, productivity, recruitment, retention, branding and identity.

10.4 Collaboration

Many public sector bodies are now working together to achieve improved services at less cost. This impacts on property assets as front-line and support services are shared between public bodies and as buildings and sites are shared. Sharing of estates, construction, facilities and M&E services will bring change in the management of property assets. A pre-requisite to better shared use is the sharing of property asset data and the first National Public Property Map has recently been published by DCLG.

10.5 Public sector property vehicles

There is increasing interest in placing public sector property into pooled property vehicles which may be able to operate more freely or effectively than traditional public sector organisations in terms of achieving co-location, raising finance, accessing property expertise and operating buildings and sites. Central government is considering two pilot schemes for offices in Central London and Bristol. Local government is considering the potential for pooling all public property assets in a defined area (say, a county) to improve the customer experience more effectively and efficiently and pilot projects are underway. Again sharing of data is prerequisite for this.
10.6 Financial constraint
After a period of sustained increases in public expenditure, there is now a sharp downturn, requiring significant savings and efficiencies to be made by public bodies, in the context of record levels of public debt. Public sector property assets are expected to play their full part in this, with current expenditure reductions and capital release. However, property change has long lead-in times and this emphasises the need for good forward planning and thinking ahead to make sure that the financial contribution from property is sensible and achievable and is maximised over time.

10.7 Client side and the intelligent client
Property and services collaboration makes it even more important for public sector organisations to be very clear on their ongoing property requirements. While property and accommodation and estates, construction, facilities and M&E services may be shared with others or provided by others, each organisation must still retain the ability to accurately assess and express its ongoing accommodation and property requirements efficiently and effectively. This cannot be left to the constituent parts of the organisation, each expressing their requirements independently. This is unlikely to be either efficient or effective. An ‘intelligent client’ capability (see para 8.8) is required for this, to synthesise the various requirements and turn them into a coherent, effective, efficient and explicit statement on an ongoing basis. This should be part of a wider client side which will need to be able to, for example, monitor and adjust the providers’ performance as necessary, monitor overall expenditure and take strategic responsibility for key data. Even if an organisation provides its accommodation by directly owning and managing its own property (i.e. everything ‘in-house’), it will still need this client side and intelligent client capability, perhaps with some additional functions added. Attention is now beginning to be focused on this issue.

10.8 Data
An old but nonetheless still a very current issue. Even after a great deal of urging from many quarters and, indeed, some improvement, there is still a need to upgrade public property asset data. In the short term organisations can ‘get by’ with inadequate data but if property is to perform well, if property is to be efficient and effective, if property is to make its contribution to efficiency savings, if property is to facilitate improved public services, this can only be done through good property data being available. It is concerning that more progress has not been made on this key aspect of management sooner.

10.9 Other issues
Skills – Skills have improved over the last decade, but perhaps not widely enough. A sufficient body of practitioners with the requisite skills in property asset management is still to be achieved and this is a particularly current issue for intelligent client and client side skills.

Rapid change and the need for flexibility – Much is often written about the speed of change. The public and private sectors must equally cope with, for example, technological change, social and economic change. The public sector must rise to the additional challenge of political and democratic change which arguably can multiply the responses needed. This is not a reason to say ‘we don’t know what is going to happen so there’s no point in doing anything’. However, it is an argument for saying that we need to be flexible and fleet of foot in our planning, delivery, and especially, our review processes. Moreover, whilst the changes may seem fundamental at the time, the overall thrust of trends over years is more constant and whilst there may be ‘mid-course corrections’, sound property asset management practice is likely to yield far better results than freezing in the headlights of change.

Property asset charging – There continues to be a debate about whether property assets should be accounted for by using internal property asset charging. There are benefits and dis-benefits and in our view the best way to maximise the former and minimise the latter is to use a ‘light touch’ system which streamlines the charging and occupancy agreements.

The balance between centralised and decentralised budgets – Over the last decade there has been a move to ‘retake’ some of the budgets that were devolved in the 1980s and 1990s. It must not be forgotten there were good reasons to devolve budgets, although arguably the process went too far. There are good arguments to centralise some budget, if good property asset management is to be practiced, but care should be taken not to go too far. There is a need for a proper and effective balance between devolved and centralised budgets.

Commercially let property – While not all public sector organisations have commercially let property, many do. There is a continual dynamic as to whether this property should be used solely for financial gain (income) to support public expenditure or whether the property itself has some public service role. The reality is that it is both. The reason for holding the property and the strategy for managing it should be clear and explicit.
Regeneration and development – Public property is often used for regeneration purposes or for achieving public policy objectives. The way it is used and the social and financial justification needs to be clearly set out. Often this is not done properly thereby reducing the ability to meet social goals or alternatively not making the true financial impact transparent. In the future, with increasing financial constraint, public organisations, especially at the local level, may wish to use their land holdings to achieve social and economic objectives (e.g. job creation and economic development, affordable housing). This will undoubtedly become an important aspect of property asset management.

Governance – Good governance is an essential ingredient of good property asset management. Correct decision-making processes and clear accountability and responsibility together with transparent and full reporting and transparent actions are paramount, particularly at a time when there are equal demands for social benefits as well as financial savings.

Sustainability – it would be wrong to omit sustainability from this list of current issues as it has become an extremely important aspect of property asset management.

10.10 The importance of property asset management

In our view all of the above current issues endorse the need for effective property asset management. In simple terms the argument runs like this:

- improved public services provided from less capital intensive and lower recurring expenditure property will take considerable vision.
- collaboration, new property vehicles, community involvement, property rationalisation all require a measured strategic response rather than a pragmatic response.
- the lead-in times for property change are longer than any other resource (human, information, finance). Maybe 3 years for small projects and 8–10 years for large projects.
- changes and improvement will need to be monitored and measured to ensure that we make progress as quickly and effectively as possible.
- without accurate and up-to-date data, real progress will be hindered and perhaps thwarted.
- this all points to the need for every organisation to be practicing well, the key elements of property asset management:
  - PLANNING
  - DELIVERY
  - REVIEW
  - ORGANISATION
  - LEADERSHIP
  - COMMUNICATION.
# GLOSSARY

## Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AC</td>
<td>Audit Commission</td>
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<tr>
<td>ACES</td>
<td>Association of Chief Estate Surveyors</td>
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<td>CIPFA</td>
<td>Chartered Institute of Public Finance and Accountancy</td>
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<td>COPROP</td>
<td>Association of Chief Corporate Property Officers</td>
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<td>CPAMG</td>
<td>Corporate Property Asset Management Group</td>
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<td>CPU</td>
<td>Corporate Property Unit</td>
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<td>CREM</td>
<td>Corporate Real Estate Management</td>
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<td>DCLG</td>
<td>Department for Communities and Local Government</td>
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<td>DDA</td>
<td>Disability Discrimination Act (now replaced by the Equality Act 2010)</td>
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<td>DETR</td>
<td>Department for the Environment, Transport and the Regions (now superseded)</td>
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<td>e-PIMS</td>
<td>Electronic Property Information Mapping Service</td>
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<td>FM</td>
<td>Facilities Management</td>
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<td>GPU</td>
<td>Government Property Unit</td>
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<td>HEFCE</td>
<td>Higher Education Funding Council for England</td>
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<td>HMT</td>
<td>Her Majesty's Treasury</td>
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<td>HR</td>
<td>Human Resources</td>
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<td>ICT</td>
<td>Information and Communication Technology</td>
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<td>IPD</td>
<td>The Investment Property Databank</td>
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<tr>
<td>ISO 9001</td>
<td>International Organisation for Standardisation, Standard 9001 (Quality Management)</td>
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<tr>
<td>IT</td>
<td>See ICT</td>
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<tr>
<td>KPIs</td>
<td>Key Performance Indicators</td>
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<tr>
<td>M&amp;E</td>
<td>Mechanical and Electrical</td>
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<td>NAMS</td>
<td>New Zealand Asset Management Support</td>
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<td>NAO</td>
<td>National Audit Office</td>
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<td>NaPPMI</td>
<td>National Property Performance Management Initiative</td>
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<td>NBVBS</td>
<td>National Best Value Benchmarking Scheme</td>
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<td>ODPM</td>
<td>Office of the Deputy Prime Minister (now superseded)</td>
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<td>OGC</td>
<td>Office of Government Commerce (now part of GPU – see above)</td>
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<td>PAMCAM</td>
<td>Property Asset Management Capability Assessment Model</td>
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<td>PAV</td>
<td>Pooled Asset Vehicle</td>
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<tr>
<td>PFI/PPP</td>
<td>Private Finance Initiative/Public Private Partnership</td>
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<tr>
<td>PRINCE2</td>
<td>Projects IN Controlled Environments 2 (a widely accepted project management methodology)</td>
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<td>PSPAM</td>
<td>Public Sector Property Asset Management</td>
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<td>RICS</td>
<td>Royal Institution of Chartered Surveyors</td>
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<tr>
<td>SMART</td>
<td>Specific, Measurable, Agreed, Realistic, Timed</td>
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<tr>
<td>SMPAM</td>
<td>Senior Manager for Property Asset Management</td>
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<tr>
<td>SQW</td>
<td>SQW is a consultancy founded by Nick Segal, Roger Quince and Bill Wicksteed</td>
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<tr>
<td>TUPE</td>
<td>Transfer of Undertakings (Protection of Employment) Regulations</td>
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KEY TERMS

Balanced scorecard
A methodology for holistically measuring performance, originally developed by Kaplan and Norton and since developed further by Kaplan and Norton and others. There is a version which is specifically designed for the public sector.

Benchmark
To compare relative performance (normally between similar organisations) by the use of a recognised performance indicator or a set of performance indicators.

Benefits realisation
The process by which benefits previously identified (e.g. in a business case) are realised. It can also be used as a measure of success of the business case assessment and of subsequent project management (how many of the original predicted benefits were realised?).

Business case
A business case is a systematic analysis of the benefits and dis-benefits (financial and non-financial) of a proposal for change, compared with continuing with the current situation.

Business drivers
The major business imperatives that drive a business (they will normally be public service imperatives and financial imperatives). They are all likely to be articulated in an organisation's mission, vision and values, and in its goals, objectives and plans.

Business lines
See ‘Operational’.

Business operations
See ‘Operational’.

Business planning
The process by which an organisation puts its mission, vision, values, goals, and objectives into effect resulting in project implementation programmes.

Business strategy
The medium and longer term aspirations of the organisation, normally, but not always, articulated in a written document. It will be an integral part of business planning and will be accompanied by short-term tactical plans (e.g. annual business plans).

Capability
The availability of all the skills needed to run an organisation.

Capital expenditure and income
One-off expenditure on major items which have a significant life span (e.g. land and property), often, but not always, funded by borrowing, with recurring expenditure implications. Capital income is generally known as capital receipt(s).

Capital planning
The overall capital requirements of an organisation, normally arranged over a series of forthcoming years (say five years) which includes (normally as a major part of the capital strategy) the capital requirements of the property asset management plan and the funding sources to meet those requirements.

Cash flow
The pattern of capital and current/recurring/resource/revenue expenditure and income expressed in the years in which they occur.

Change management
The management of all types of change within an organisation. There is a body of knowledge and many texts on techniques for change management and the subject is explained in Chapter 7.

Client side
In the provision of any services or goods, there will be a need for the organisation to articulate its requirements as the ‘client’ for the provision of those services or goods. This may apply to services bought in or provided to others by the organisation. The services or goods may be provided in-house, in partnership or on an outsourced basis.

Contract management
The organised management of the contractual provisions of a service or function which is the subject of a contractual arrangement. In property asset management it is normally associated with estates, facilities, construction and mechanical and electrical services and/or the provision of accommodation. The term can also be applied to agreements for the provision of services, usually service level agreements.

Corporate projects
Projects which have a significant impact on the organisation as a whole rather than on only a part(s) of it. These projects will normally influence corporate performance. For example, a property project might be the rationalisation of office buildings and changing office building configuration, but that would be part of a wider corporate project which changes the way that staff work (e.g. flexible working) which will, in turn, have productivity improvements across most of the organisation.

Corporate property asset management group
See Chapter 8.
Current expenditure
Annual (and normally annually repeated) expenditure which is variously referred to in the public sector as, for example, current expenditure, recurring expenditure, resource expenditure or revenue expenditure.

Data and information management
The organised management of numeric and other data and information.

Data warehouse
A “virtual” location (in information technology) where much of, or all, data is stored and from which it can be accessed.

Delivery department
A department that delivers a service. This term is associated with the terms delivery performance, delivery level, delivery experience, delivery metrics.

Delivery format
The way in which a service is delivered.

Discount rate
The rate of interest used to discount future cash flows to determine their equivalent net present value.

e-PIMS (Electronic Property Information Mapping Service)
A property database increasingly used by government and other public sector organisations.

Estates services
Valuation, agency, landlord and tenant, rating, property management and similar services.

European Foundation For Quality Management (EFQM) Excellence Model
A methodology, developed by the EFQM, for the systematic analysis of the performance of an organisation. It is a management framework used by organisations as a diagnostic tool.

Facilities services
This term is sometimes used having a very wide meaning. However, it is used in these Guidelines in its more restricted sense as the services that support the use of a building or site; for example, reception, security, cleaning, porterage, printing and stationery, telephony, room booking, space management and churn.

Facility
A generic term to describe a specific building, a group of buildings on the same site and/or a site itself, which is used to provide an overall function; for example, a school, a research establishment, a hospital complex, a training complex, a university campus, a police station or a car pound.

Five case model
A methodology for undertaking business cases organised into five separate assessments: strategic case, economic case, financial case, commercial case, management case (see Chapter 4).

Flexible working
A generic term used to describe the ways in which staff work when they are not all in one place of work at all times. It normally involves remote (i.e. outside of the normal workplace) access to information and communication technology. It may include, for example, home working, peripatetic working, desk sharing and ‘hot desking’, open plan workplace layouts. Some job functions lend themselves to flexible working more than others. It is generally used to improve productivity, staff motivation and retention and normally is associated with cost savings.

Framework agreements
Agreements for the provision of services/goods with a limited group of suppliers almost always selected on a competitive basis initially. When services/goods are required by the client they are sourced from one of these suppliers on a basis already prescribed in the framework agreement.

Gateway review
The OGC Gateway Process examines programmes and projects at key decision points in their lifecycle (gateways). It looks ahead to provide assurance that the projects can progress successfully to the next stage. Gateway Reviews are applicable to a wide range of programmes and projects.

Governance
In the case of a business or of a non-profit organisation, governance relates to consistent management, cohesive policies, guidance, processes and decision rights for a given area of responsibility.

Information management
The organised management of data and information within an organisation.

In-house
Provision of a service, function or goods by the organisation itself without outside help (e.g. in-house construction, estates services facilities services).

Input specification
A specification for the provision of services/goods which expresses its requirement in terms of the inputs the supplier must make. It is normally associated with the process that the supplier is expected to adopt in delivering the service/goods. See also ‘Output based’.

Intelligent client
This is normally part of the wider client side. It is the ability of the organisation to clearly and succinctly articulate its requirements in terms of the provision of services or goods. It is a useful concept in relation to property
asset management as an organisation’s property and accommodation requirements are often driven by many operational and other objectives which may be uncoordinated and inefficient as a whole. Thus the intelligent client pulls these requirements together to make them coherent, practical, efficient and effective.

**Key decision makers**
These are the ‘top’ managers or decision makers. Typically they would be, for example, board members, cabinet members, top management team members, ministers, trustees, etc.

**Maintenance backlog**
The cost of works necessary to bring a property (or properties) to good condition.

**Metrics**
Parameters or measures of quantitative assessment used for measurement, comparison or to track performance or production. Analysts use metrics to compare the performance of different companies, despite the many variations between firms (Investopedia). A performance metric is a measure of an organisation’s activities and performance. See also ‘Performance indicators’.

**Mission**
This is the overall purpose of an organisation – why it exists.

**Net present costs and values**
The sum of a series of future costs and/or values discounted to reflect the future dates at which they occur. This will give the net present cost/value. See also ‘Discount rate’.

**Non-operational property assets**
Property assets that are not used for operational purposes. In the public sector, the main examples of this type of property asset are surplus property assets and property assets held for income producing or commercial development purposes.

**NPV per benefit point**
This is the net present value (or cost, if negative) of a proposed project option divided by the benefit points of that option, the latter as calculated through a ‘point-scoring’ cost benefit analysis.

**Operating costs**
The total annual costs of operating a building, group of buildings or/and a site. It would include maintenance, energy, rates, water and sewage, management, facilities. It is the annual property related saving that would be made if the building, group of buildings or/and a site did not exist or was no longer the responsibility and was no longer owned or used by the organisation.

**Operational**
Those aspects of the organisation which are directly related to the provision of its services/goods. These are sometimes referred to as ‘front line’ or ‘coal face’ operations or ‘business lines’. Thus any property assets that are directly connected to that, would be operational property assets. However, some organisations refer to all property assets that are used by the organisation itself, as operational, and therefore it can include, for example, headquarters’ offices. A strict definition, however, would not include headquarters’ activities or corporate support activities.

**Operational objectives**
The objectives of ‘operational areas’ which while within the overall ambit of the organisation’s ‘corporate’ objectives will be more specific and narrow, generally solely related to the provision of the service/goods concerned.

**Optimism bias**
The demonstrated systematic tendency for people to be overly optimistic about the outcome of planned actions. This includes over-estimating the likelihood of positive events and under-estimating the likelihood of negative events. In relation to undertaking business cases HM Treasury states: ‘Project appraisers have the tendency to be over optimistic. Explicit adjustments should therefore be made to the estimates of a project’s costs, benefits and duration, which should be based on data from past or similar projects, and adjusted for the unique characteristics of the project in hand.’

**Organisation**
A social group which distributes tasks for a collective goal. There are a variety of legal types of organisations, including: companies, corporations, governments, non-governmental organisations, international organisations, local government, armed forces, charities, not-for-profit corporations, partnerships, co-operatives, health, emergency services and universities. In the Guidelines the term is generally used to refer to public sector organisations.

**Organisational**
This term is generally used to indicate an ‘organisation’ acting corporately or to describe cross-organisation features (e.g. organisational change, organisational culture, and organisational databases).

**Outcomes**
The results; meaning, the actual result of a course of action rather than the intended results. These are normally associated with the results that an ‘organisation’ achieves in delivering its services or goods. Hence in the public sector they may be referred to as public service outcomes.
Output based
A focus on the outputs that are to be, or have been, achieved. Outputs tend to physical manifestations of what is produced and it may be a service or goods. It should not be confused with ‘Outcomes’. For example an output may be building and completing homes (an outcome meanwhile would be using the homes to contribute to the resolution of housing problems). See also ‘Input specification’.

Outsourced
Using a source outside of the organisation to undertake work on behalf of the organisation.

PAMCAM (Property Asset Management Capability Assessment Model)
A model jointly developed by the former Office of Government Commerce (OGC) and the National Audit Office (NAO) which is a self-assessment tool that enables organisations to measure and monitor their property asset management capability and to identify areas for improvement. The GPU currently maintains the model.

Performance indicators
Measures of performance that are used to judge performance. They may be a wide range of measures over many subject areas or they may be a number of different measures for one subject area. The critical ones are called key performance measures. See also ‘Metrics’.

Performance management
The organised management of performance including measures, performance data, measurement, reporting and improvement.

Place based
A concept (formally known as ‘total place’) which considers the delivery of public services by place rather than by organisation. The concept seeks to assess the total impact of all public services within a given geographic area compared with their intended impact and, most particularly, the total value for money of delivering all public services in that geographic area.

Place-making
A spatial planning concept related to the creation of physical places and community focal points.

Planned and reactive maintenance
There are two types of property maintenance: planned, which is undertaken as part of an ongoing plan (e.g. regular redecoration) and reactive, which is a reaction to a maintenance problem that has arisen (e.g. a broken door). It should be noted that there is clearly a relationship between the two. The less planned maintenance that is undertaken then the more reactive maintenance will arise. However, reactive maintenance can never be eliminated entirely due to unpredictable circumstances (e.g. accidental damage, or product failure before the end of its planned life).

Pooled asset vehicle
The placing of assets, formally in different ownerships or in different administrative control, into a purpose-created organisation generally with the intention of achieving greater efficiency and/or effectiveness. It may be related to occupied property, investment property or development property.

PRINCE2
A process-based approach for project management, providing a tailorable and scalable project management methodology for the management of all types of projects. The method is a recognised standard for project management in the UK and is practiced worldwide.

Property asset
The term ‘asset’ can be used to describe many different types of assets, for example, financial assets, infrastructure assets, plant and machinery, equipment and property ‘assets’. For the purpose of these Guidelines the term ‘asset’ is used to refer to land and buildings.

Property asset base
The entirety of the land and building assets owned and/or occupied by an organisation.

Property asset champion
The senior individual in an organisation who is charged with promoting and sustaining good practice in asset management within the organisation.

Property asset management
The process which aligns business and property asset strategies, ensuring the optimisation of an organisation’s property assets in a way which best supports its key business goals and objectives. See Chapter 1.

Property asset management plan
A business planning and communication document providing operational, financial and quality ‘readings’ for all those associated with the organisation. It considers property as just one of the many corporate resources which are needed to deliver services to customers.

The purpose of a property asset management plan is to provide a clear statement of the strategy for the management of an organisation’s property asset base. The plan provides a decision-making framework and communicates the strategy to staff, external stakeholders and customers giving details of the direction of change for the property asset base over the period of the plan and beyond.

Property asset management policy
The generic ‘rules’ which put the organisation’s corporate approach to property into effect and the way in which the organisation and all its parts are to behave in relation to its property. This is not a plan, which is more orientated towards action through projects, but policy will be part of a plan.
Property asset management practitioners
Those who are directly involved in undertaking property asset management, likely to be located in ‘Property asset management services’ (see below), but not necessarily so. See also ‘Property asset manager’.

Property asset management process
The business processes that are adopted by the organisation to undertake property asset management. See also ‘Business process’ and ‘Property asset management system’.

Property asset management projects and programmes
A project or programme of projects designed to implement a property asset management plan or part of it.

Property asset management services
The services that support property asset management in an organisation. They may be provided in-house or externally, although client side functions are most usually provided in-house.

Property asset management system
The systems used to operate property asset management in an organisation. See also ‘Property asset management process’.

Property asset management team
The team of staff that undertakes property asset management.

Property asset manager
A member of staff or members of staff that undertake(s) property asset management, normally as their sole job function.

Property asset register
A register listing all the property assets owned or leased (or on occasion simply occupied) by an organisation together with background information on each property asset (sometimes called a property inventory).

In local government, for example, an Asset Register (AR) is an accounting tool that has to be maintained by local authorities and contains information about the land and property assets owned or leased by the council. The register is updated every financial year. The AR categorises every property for the purpose of capital accounting, gathering information that is used to calculate the appreciation and depreciation of assets.

Property management
This is the activity that ensures that land and buildings matters are dealt with so that they operate efficiently and effectively on a day-to-day, week-to-week basis. It is the undertaking of professional/technical work necessary to ensure that property is in the condition desired, in the form and layout and location desired and supplied with the services required, together with related activities such as the disposal of surplus property, the construction or acquisition of new property, the valuation of property, dealing with landlord and tenant and rating matters, all at an optimum and affordable cost. It also involves offering advice to decision makers on the best ways of doing this. It has a customer orientation and is normally undertaken by estates, construction, facilities and/or mechanical and electrical practitioners.

Public property assets
A generic term used to denote the entirety of public property (it may be applied to all public property or to all public property in a geographical or functional area).

Public sector property asset management (PSPAM)
The practice of property asset management in the public sector.

Quality management system
A quality management system (QMS) can be expressed as the organisational structure, procedures, processes and resources needed to implement quality management. It is closely associated with the ISO quality standard and the quality management system standards of the ISO 9000:2000 and the ISO 9000:2008 series.

Recurring expenditure and income
Annual (and normally annually repeated) expenditure which is variously referred to in the public sector as, for example, current expenditure, recurring expenditure, resource expenditure or revenue expenditure.

Remote working
See ‘Flexible working’ of which ‘Remote working’ is a part.

Resource accounting
An accounting code used by government. Resource accounting and budgeting (RAB) is a system of planning, controlling and reporting on public annual spending for government.

Resource areas/resource sections
The primary resources that an organisation has at its disposal are finance, property, human resources and information and communication technology and information itself. These are resource areas. The departments or units that oversee them have been referred to as resource sections.

Revenue expenditure
Annual (and normally annually repeated) expenditure which is variously referred to in the public sector as, for example, current expenditure, recurring expenditure, resource expenditure or revenue expenditure.

In local government, for example, an Asset Register (AR) is an accounting tool that has to be maintained by local authorities and contains information about the land and property assets owned or leased by the council. The register is updated every financial year. The AR categorises every property for the purpose of capital accounting, gathering information that is used to calculate the appreciation and depreciation of assets.
Risk management plan
The plan for risk management and the minimisation, as far as possible, of risks and the preparedness for risks.

Risk register
A document that lists identified risks, their magnitude and likelihood and the measures to be taken to manage and minimise them together with the responsibility for those measures.

Risk transfer
The organised and explicit transfer of the risks of an organisation to another party normally as part of a contract to provide outsourced services. It should be noted that not all risks can be transferred and that any organisation will always bear some risk. Therefore the real transfer of risk is difficult to achieve and sometimes can be illusory.

Senior management
These are the ‘top’ managers or decision makers; for example, board members, local authority cabinet members, top management team members, ministers, trustees, etc.

Senior manager for property asset management
The senior manager in the organisation that has direct responsibility for the operation and performance of asset management within the organisation.

Sensitivity analysis
The adjustment of variables (normally in a business case) to judge the effect if incorrect assumptions have been made about the values of these variables. Hence adjusting the discount rate to see the comparative effect on the selected options will expose how ‘sensitive’ the results of the option appraisal may be to incorrect assumptions about the discount rate to be used.

Service
This term is generally used to describe the front-line services provided by a public sector organisation (i.e. public services). However, it can also be used to describe a service found in an organisation (e.g. an internal support service like property asset management).

Service delivery
The delivery of a public service (e.g. higher education) or the delivery of an internal service within an organisation (e.g. ICT support).

SMART
A maxim used as a reminder of the basic criteria to be used in any measurement. Measures should be Specific (i.e. clear), Measurable (i.e. capable of measurement by an agreed and explicit means), Agreed (i.e. signed up to), Realistic (i.e. capable of being realised even though they may be demanding), Timed (i.e. to be achieved by or at an explicit date/time).

Sourcing
The process by which the provision of the work involved in providing services or goods is sourced. This may be in-house, outsourced, in partnership or shared with a similar organisation.

Stakeholder
All those that have a direct or indirect legitimate interest in the use of the organisation’s land or buildings.

Strategic
A generic term generally used to describe a purposeful way in which high level aims and objectives are pursued.

Support functions
See ‘Service’.

Third sector
Also known, but perhaps inaccurately, as the ‘voluntary sector’. The third sector is formed by all those organisations that are not-for-profit and non-government, together with the activities of volunteering and giving which sustain them. These organisations are a major component of the provision of services to the public.

While they differ between themselves, third sector organisations clearly differ as a group from for-profit businesses and from government departments and authorities.

TUPE (Transfer Of Undertakings (Protection Of Employment) Regulations)
The Transfer of Undertakings (Protection of Employment) Regulations (TUPE) protect employees’ terms and conditions of employment when a business is transferred from one owner to another.

Users
Those who are in any way users of assets or assets services. Typically they will be the users of land or buildings but in some cases it might be wider than literally users; for example, parents of children in schools. This term should not be confused with ‘Stakeholders’.

Vision
Here the word is used in the context of business or organisational vision. It is where the organisation aspires to be (e.g. ‘to be the most effective in our sector’).

Whole life costing
The identification of whole life costs.

The former OGC (now GPU) defined whole life costs of a facility as:
- the costs of acquiring it
- the costs of operating it; and
- the costs of maintaining it over its whole life through to its disposal – that is, the total ownership costs.
BIBLIOGRAPHY

Sources of information about asset management and associated topics

We list here in alphabetic order of title, those publications to which we have referred in these guidelines and other relevant material which is known to the authors or which has been brought to our attention.

Note: All web addresses accurate as at December 2011.


Achieving Excellence in Construction: a series of the former OGC (now GPU) papers and case studies on topics including:
- partnering
- the development of long-term relationships
- reduction of financial and decision-making approval chains
- improved skills development and empowerment
- the adoption of performance measurement indicators, and,
- the use of tools for value and risk management and whole life costing.


Better Management Practice: a series of Government-sponsored papers and case studies on topics including:
- PRojects IN Controlled Environments (PRINCE2®) – for project management
- Managing Successful Programmes (MSP®) – for programme management
- Management of Risk (M_o_R®) – for risk management [www.mor-officialsite.com]
- IT Service Management (ITIL®) – for IT service management
- Management of Portfolios (MoP™) – for portfolio management
- Management of Value (MoV™) – for value management
- Portfolio, Programme and Project Offices (P3O®)
- Portfolio, programme and project management maturity model (P3M3®)

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**Contemporary Strategy Analysis** (5th edition); Grant, R., Blackwell Publishing, 2005.

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**Gateway Reviews by OGC:** a series of papers and case studies on topics including:
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- organisational change and other change initiatives
- acquisition programmes and projects
- property/construction developments
- IT enabled business change
- Procurement, using or establishing framework arrangements.

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Access to a portfolio of documents at: www.rics.org/publicsector


Strategic Property Management: How Can Local Authorities Develop a Property Strategy?


The Intelligent Client Function. GPU. Howarth, A. 2011.


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