



COMFORTABLY NUMB – ARE WE GETTING LAZY WITH OUR ASSET MANAGEMENT APPROACHES?

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Chris and Susan from CIPFA give practical advice about better ways of approaching asset management plans to make them more effective. For authorities: what is their policy, what is their strategy and what is their action plan?

Introduction

Asset management planning has been around now in local government for around 15 years. Long enough one might have thought for authorities to have decided what it is that they want from their asset management planning and how this should be documented in a way that reflects the local needs and priorities of that authority.

But our recent review of local authority asset management plans from CIPFA's Asset Management Network members suggests that many authorities are still largely following the asset management plan format devised for

them 15 years ago, and many do not seem to have moved on since. Many of these asset management plans are big. I mean really big. To quote Douglas Adams "you just won't believe how hugely, vastly and mind-bogglingly big" some of them can be. Some of them could almost be an idea for a new Woody Allen film entitled "Everything you wanted to know about property but were afraid to ask".

One can never be sure why exactly so many AMPs have to be so big, but here are a few possible ideas.

For some, perhaps the author takes pride in having the opportunity to set out everything the property service does for the authority.

Maybe some people feel that the bigger their document is, it somehow reflects the importance of the property service or themselves personally and boosts their standing within the authority.

Or could it be that it is a deliberate ploy to encourage people NOT to read it?

Whatever the reasons are, next time you sit down to write your asset management plan you should reflect first of all on what the purpose of the document is:

- Is it to tell everybody that cares to read it everything about what both the property service and assets do?
- Is it a marketing tool for asset management?
- Is it going to be a public document to explain in a transparent way to an external audience what your plans are?
- Is it mainly an internal document that will establish direction for the property estate?

How you answer those questions should influence the type of document you want and need and should shape its structure, format and content.

So where does it all go wrong?

The first thing to say is that there is certainly no right or wrong way to structure or prepare an asset management plan or other related documents. Nobody is telling you how you should do it. You have to decide it for yourself. They are your documents and you have to own them and put in place what suits your local requirements.

But in our recent review of asset management planning documents and in our work with local authorities around the UK, we can see a pattern to where it starts to go wrong – and it often centres on confusion on what is their policy, what is their strategy and what is their action plan. Muddling these things can confuse the reader as to exactly what is going to be delivered and why. So our advice to clients who seek our help on such matters is to think carefully about these 3 things well before you start drafting anything.

We are starting to see some authorities do this. They have realised the need to be clear on the difference between these 3 areas. Whether this separation is divided between 3 individual documents or not is of course a matter for local decision. Some have done this and some have not. But if you are going to opt for the 3-document approach then the following might help to provide you with a summary of what we consider each document might look like.

Property asset management policy is a short and concise document that describes the principles adopted in applying asset management to achieve the authority's strategic objectives. The document should:

- Describe the authority's commitment to property asset management
- Be endorsed by senior decision makers, including elected members and be visible to all staff involved in related activities

- Demonstrate to the public and all stakeholders, including senior decision-makers, elected members, practitioners and service providers, how it supports the authority's corporate policies
- Provide a visible commitment to achieving the benefits that can be delivered through asset management and should be established at the highest level within the authority
- Be a 1 or 2-page document that is readily accessible
- Be a broad statement of intent that provides signposting to other policies and practices related to asset management (it should not be a 'compendium' of policies)
- Be realistic and achievable.

Property asset management strategy should be a clear and concise high level document setting out how property asset management is delivered for the authority to meet its long-term corporate goals and objectives. The document should:

- Set out how the long-term objectives for managing the property portfolio are met, including statutory obligations, stakeholder needs and the overall performance of property assets, within the context of any constraints, such as funding. The implementation of the asset management policy and how it is achieved should be described in the asset management strategy, along with an explanation on how the principles of asset management are to be adopted to achieve the authority's long term goals and objectives
- Set a clear direction for implementation of asset management and provide a link with other relevant documents, such as corporate objectives, business planning, risk management and property and service objectives
- Provide the basis for the authority to adopt asset management prin-

ciples to achieve greater efficiency and value for money and describe the benefits that this brings to economic prosperity and the wider community

- Set out the benefits of investing in the property portfolio on a comparable basis to other assets and services the authority funds
- Set out how asset management activities are implemented, measured and continuously improved
- Have clear long term performance and achievement targets that are SMART - Specific, Measurable, Attainable, Relevant and Time-bound
- Should be a short (up to 10 to 20 pages) document that is concise and available on the authority's website.

Property asset management action plan should provide clear and measurable actions that will be implemented over the short term, say 3-5 years, as part of delivering the property asset management strategy. The document should:

- Be concise – could be in tabular format
- Be sufficiently detailed so it is clear as to what will be delivered and implemented
- Populated with SMART actions only – linked to the property asset management strategy and 'key principles'
- Establish clear implementation timescales for all actions
- Set out the resources that will be deployed in achieving the stated actions – finances, staff, technology, etc.
- We would not necessarily set a size limit on the document as this will be dictated by how you chose to set out the action plan element and also by how much activity there is likely to be, given the resources available.

If you like the idea of developing a policy and a strategy then there are 2 ways of doing this. The first is to draft what you believe elected members and senior officers think they will want and circulate it for input. The second is to involve them in the development process itself, perhaps through a facilitated workshop session. We would generally favour the latter approach so that everyone takes ownership of the outcome. After all, the policy and strategy should have longevity and will provide the basis for the deliverables under the action plan and you need everybody on board with that.

Key points

Whatever document structure or format you decide upon we would advise that you keep in mind the need to reflect the following key points:

1. A clear medium and long term strategic vision for the property estate
2. A comprehensive basis for routine and periodic challenge of every part of the property portfolio
3. Flexibility in approach so that your selected format or structure of documents enable you to adapt to changing circumstances rather than providing a rigid direction
4. Clear asset management principles which set out the standards you expect of each part of the property estate, which could be performance, finance related or service/ community outcomes
5. Where you establish intended outcomes, these should be SMART
6. Your asset management should be comprehensive and cover all property assets rather than, as some do, exclude areas such as social housing or the education estate
7. Your adopted approach should be communicated in a clear way that suits your audience, and you may need different documents for different purposes
8. You should have some mechanism

for monitoring progress with your actions and activities, and for upward reporting.

Are we seeing any shifts in emphasis?

We certainly are. Aside from changes we are seeing to document format and structure, we are beginning to see how external factors are influencing the direction and emphasis for asset management approaches. These include:

- Big moves towards corporate landlord models, although the term might of course mean different things to different people
- Regeneration and economic development coming more to the fore and starting to provide a focus and purpose for the property portfolio
- More challenge and re-balancing of existing commercial property to ensure that it is delivering the financial outputs in a cost-effective and efficient way
- An increasing number of councils looking to expand their investment portfolios to provide fresh income streams and sources of capital growth that are independent of government grant [Ed – featured in 2015/16 Winter and this Terrier]
- Some authorities starting to adopt a presumption against disposal in favour of retention, with a view to recycling surplus assets into generators of revenue or capital growth rather than a simple capital receipt.

Final thoughts

As the American management consultant Peter F Drucker once said, *"If you want something new you have to stop doing something old"*.

This should be your approach to rethinking your asset management approaches and the associated documentation. If you are in an authority where you struggle to get engagement on asset management or property issues generally, then you

perhaps need to reflect on this quote.

Whether it is around engagement or communication or direction, have a think about whether something needs to change. Maybe you need to do something differently to make things happen. As the often quoted saying goes, *"if you keep doing what you always did, you will keep getting what you always got."*

David Bentley at CIPFA has circulated the following message:

In case you missed it, this publication came out from the Department of Communities and Local Government on the 21 March. See link <https://www.gov.uk/government/publications/local-authority-assets-disposal-guidance>

There is probably nothing we haven't included within our Technical Updates at AMP Network events in the past, but the document does bring together useful information, guidance and a few case studies for local authorities on the disposal of property and links to wider government initiatives.