

East 17 – Sizing the Prize

FINAL REPORT



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ACKNOWLEDGEMENTS

Improvement East would like to extend their gratitude in developing this report to all the participating Essex authorities, the Essex PCTs and everybody on the Steering Group and Project Team (listed overleaf). Improvement East would also like to thank PwC and Local Partnerships for structuring and delivering the study. We are also grateful to the Government Property Unit for their ongoing contribution to this work, including support with the use of e-PIMS. Finally the Development Trusts Association has provided much needed impetus to our work around asset trusts which has been invaluable to the Project.



I am pleased to present this study of property asset management and its proposals for future improvement.

Over the last year Improvement East has taken the lead in developing a programme of work resulting from an analysis of asset management in a defined geographic area working with all the principal public sector landholders within it.

As a result we have been able to identify a programme of new initiatives that together have the capacity to transform the way the public sector manages and utilises its property assets across the County of Essex.

And if this can be achieved in Essex we hope it can be achieved in other parts of the region and the country.

Our mission is to help local authorities make efficiency savings and improve services. We agreed that asset management is one of the key areas to focus on for several reasons.

Firstly because property assets represent such a major component of public sector balance sheets and these assets are expensive to build, refurbish, operate and maintain. Moreover these estates are often legacy estates established to meet the needs of yesteryear and, too often, not fit for purpose or well sited to meet the needs of citizens and staff today.

Secondly because the practice of asset management itself is costly as a service and its effectiveness has a major effect upon wider service delivery.

Thirdly because “asset management” is a complex business and we knew, both intuitively and also by observing good practice elsewhere in the region, that significant improvement in this area was unlikely to come from councils or public sector bodies working alone, however good their current practices. It can require an outside body to hold up a mirror and facilitate new ways of collaborative working.

We have therefore invested in this project with the principal objectives of:

- Identifying new ways of managing and exploiting our estates to reduce cost (and this report sets out a range of initiatives designed to deliver these savings);and
- Improving the effectiveness of assets in supporting service delivery (and this report sets out some innovative ways in which assets can be better utilised and deployed).

We found, as expected, much good practice across the participating authorities and significant existing understanding and commitment to good asset management. Nonetheless working together with these councils and services in a dedicated, focused way we have been able to identify some major new opportunities that hadn't yet been explored as well as accelerating some initiatives that had. I'd therefore like to thank all the participating authorities in Essex for their willingness to “pitch in” and get involved in this project and to “open up” their operations to scrutiny. Without their openness to external challenge and appetite for change we would not have made the progress we have.

We are aware that this work is challenging, not least politically, as property both symbolises and delivers something important for a Council or an organisation. We have borne this in mind in our work, and while theoretical savings across the public estate in Essex may be higher than those we have indicated, the figures we show are grounded in political reality. Consequently, we

believe, they are capable of delivery. We would encourage you to be ambitious and courageous in taking this work forward as it is only by extending the boundaries of how we work with partners that the biggest gains in both cost reduction and improvements to service delivery will be realised.

We were supported in our work by Local Partnerships who provided programme direction and management and by PricewaterhouseCoopers LLP who provided consultancy and diagnostic expertise. I would also particularly wish to take this opportunity of thanking Rob Tinlin, the Chief Executive of Southend-on-Sea Borough Council, who has calmly chaired the project steering group and had the challenging task of keeping a large and diverse group of public bodies and their chief executives and members on board.

Our task as a key stakeholder now is to ensure that we maintain the goodwill and momentum engendered by this project and make a real difference on the ground. I hope that you find this project report of interest and can assist us on this journey.



Councillor RICHARD STAY
Chairman, Improvement East

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1. EXECUTIVE SUMMARY

Definition of Asset Management: *the process of optimising the use and management of property assets with the aim of releasing financial and service benefits.*

Introduction

- This project has been commissioned by Improvement East to be the catalyst for driving improvements in property asset management across the East of England, building on the ground-breaking work across the region, such as in Cambridgeshire (on property alignment with partners) and in Suffolk (on property co-location). It is consistent with the aims of national initiatives such as the Capital and Assets Pathfinders run by the Department of Communities and Local Government (DCLG).
- The focus on asset management has increased across the country with DCLG co-designing solutions with places as Capital and Asset Pathfinders, which aim to align assets across partners in localities. These aim to increase savings, improve services and energy efficiency.
- Seventeen local public bodies in Essex, managing over 2,230 assets with a book value of c.£3.5 billion and running costs close to £100 million a year, worked collaboratively over 12 weeks with Local Partnerships and PricewaterhouseCoopers LLP (PwC). We were supported by the Government Property Unit providing the link to the central government estate and by all Essex PCTs. Together the participants have identified an excellent opportunity to work collectively on an asset management programme that will help address the need to deliver significant savings, enhance retained services and contribute towards sustainability targets.
- While this programme of action is initially focused on Essex it has the advantage of being scalable beyond Essex's borders and can put the East of England at the vanguard of asset management efficiency.
- The Essex authorities have harnessed their considerable collective desire to cut wasteful use of property resources and provide multi-service facilities that can improve citizens' experience of accessing joined up and tailored public services.
- The momentum that has gathered pace during the course of this project through new interactions and sharing of ideas, such as collaborative FM, now needs to be extended. The recommendations in this report set out the arrangements that will enable local and collaborative improvement initiatives, such as office rationalisation and consideration of specialist asset management vehicles, to be developed and implemented.
- The projects that are likely to deliver the biggest savings are those which are more ambitious, both politically and organisationally, as they move beyond sharing accommodation and resources to challenging organisational boundaries and moving to new forms of service delivery. However, we are mindful that each initiative will need to reflect the local political reality where pressure to preserve sovereignty, acknowledge accountability and retain control over land and buildings can limit room for manoeuvre.

The size of the opportunity

- The size of the potential benefit opportunity from delivering 'more from less property' is significant and merits the serious attention of members and chief officers.

- The total gross benefit opportunity lies between £120 million and £210 million over the next 5 years in Essex alone (see the table overleaf). Basic extrapolation indicates that the potential prize across East of England authorities could run to many hundreds of millions of pounds of capital and revenue savings from property, which would significantly help safeguard front-line staff and support capital programmes.¹
- The report provides evidence that these savings are grounded in the reality of each participant's current estate and performance, as well as live business cases. For example, an Essex collaborative FM initiative shows potential savings of £3 to 4 million a year (with potential for higher savings if further authorities join).

Estimated savings range for Essex local public bodies		
	Lower estimate (self-assessment model)	Higher estimate (28% revenue reduction)
Capital (gross receipts)	£90m	£165m
Revenue - 5 year total ²	£30m	£45m
Total	£120m	£210m

- The more conservative estimate of £90 million in gross capital proceeds and £30 million of revenue savings over 5 years is based on each participant's self-assessment against leading practice in property and FM, such as whether staff share office workstations and meeting space.
- These savings assume that approaching 15% of the non-office operational estate (by area) is released from the portfolio. The impact on front-line services is mitigated by reinvesting some of the capital to relocate core services within a down-sized and 'greener' retained estate. A small proportion of this is assumed to be new efficient public facilities that replace underutilised outdated buildings and accommodate multiple services. A benefit of the programme is that it therefore provides a pathway for continuing to invest in improving social infrastructure in Essex during this challenging period of financial retrenchment.
- The savings are also based on a reduction in office floor space of 25% across Essex authorities, a 14% reduction in the cost of employing the internal property management functions, a 5% efficiency saving from smarter procurement of FM services and a 30% reduction in energy consumption.
- On top of this, Essex can potentially reduce its carbon footprint by 26,000 tonnes per annum, as well as avoid the need for significant spend on backlog maintenance. The annual carbon reduction represents 16% of total emissions generated by property occupation and will reduce the revenue commitment some authorities will need to make under the Carbon Reduction Commitment.

¹ 'The Way Forward: Transforming Local Government Property Asset Management' published by IEWM/4Ps estimated the potential property opportunity in the East of England to be over £450m

² The revenue savings build up to £12m p.a. (lower estimate) and £20m p.a. (higher estimate) in year 5

- Some may argue that these savings are not sufficiently ambitious when the sector faces the mountainous challenge of responding to large cuts in revenue from central government and other sources over the next four years. There is an argument that cuts in property should be disproportionately high to safeguard front-line service workers. If property budgets were reduced by 28% through reducing floor area and property management expenditure, this would yield up to £20m in annual revenue savings, with cumulative revenue savings building up to £45m over 5 years. A 28% reduction in the non-school operational estate (by area) could yield capital receipts of £165m in Essex.
- Notwithstanding which target is adopted, there is significant potential to improve the planning and operation of social infrastructure in Essex to squeeze more out of less resource. Reducing Essex authorities' dependency on property and shifting service delivery to other channels provides one of the biggest opportunities. Another powerful 'win-win' for customers and finance directors alike is to adopt a 'one roof, multiple public service' policy that accommodates different provider organisations, including Jobcentre Plus and other government agencies.

The capacity to achieve significant savings is therefore constrained by the current model for providing local public services. Releasing and accelerating the full savings opportunity will be assisted by wider transformation of the service model and engagement across organisations.

- Moreover, the potential benefits are conditional upon public sector organisations embracing three areas:
 - Adopting leading practice property processes, such as mapping local assets and centralising and sharing property and FM management
 - Joint occupation of property to reduce floor space and improve the customer experience; and
 - Collaborative procurement to access economies of aggregation that lower the cost of running facilities.

Delivering the benefits

- Each participant has compared itself against leading property and FM practices and recognised there are areas where performance needs to be raised. For example, the data collection exercise created a series of challenges for many participants who were unable to access efficiently basic asset and external spend information. This raises the question of the capability of authorities to work alone to release significant property opportunities whilst delivering 'more from less'..
- The working groups also identified some existing local and collaborative practices worthy of sharing and wider adoption. One example is the County, Police and local Fire & Rescue services' sharing of back-room and front-office facilities in rural settlements.
- Many participants have used their findings to reprioritise their local property improvement programme and embark on new initiatives, such as reviewing FM contracts, asset mapping, depot rationalisation, flexible working practices and building-energy management. Some of these initiatives, such as strengthening corporate property policies and property decision-making, are vital 'enablers' of change. Implementing these basic practices will enable Essex authorities to drive down the floor area occupied by 'silo' services and reconfigure the portfolio in each locality: intensifying the use of facilities, grouping related services under one roof and tailoring physical service access to the local customer profile.

- Approximately one hundred local improvement initiatives were identified by participants and prioritised. Their efficacy to release benefit now rests on local senior management approving and facilitating these improvement programmes.
- When participants met to exchange information on their local challenges and priorities they found that they had many opportunities in common. Nine collaborative initiatives prioritised by participants for early benefits release are up and running. For example:
 - A new knowledge community has been opened for the IEAMP participants on Improvement East's hosted web platform.
 - The working groups have agreed the rationale for exploring further opportunities on leisure trusts, community asset trusts, energy management and model shared offices.
 - Work is in progress to set up a skills exchange to reduce unnecessary private sector contracting by utilising capacity and capability from other authorities.
 - An approach for optimising the public property portfolio in town centres through asset mapping and sharing buildings has undergone initial testing; and
 - A collaborative FM procurement that will allow all Essex authorities to share in the economies of aggregation has started.
- The distance travelled by participants since the study commenced is truly impressive and there is a heightened appetite for further joint working. However, on their own, the initiatives selected fall some way short of releasing the potential savings opportunity, without resorting to crude cuts in the volume of facilities and associated services; such as wide scale closure of libraries, leisure centre, youth centres, children's centres and so on.
- The most significant source of financial and wider benefit from property, that mitigates community impact, is from utilising more effectively the properties owned by Essex public sector organisations. For example by sharing office space, co-locating depots, joining up physical customer access points, and providing multiple services from a single building. Another key area of saving is through aggregating spend and cutting duplication in property service delivery.
- However, while the highly beneficial initiatives adopted by participants provide some of the tools and solutions needed to share and rationalise property and processes, they leave in place serious constraints to efficient occupation of buildings, not least the seventeen separate management, planning and decision-making structures.
- The conclusion is that releasing the maximum potential financial savings from property whilst protecting service provision, requires adopting new property holding and management structures, which relieve individual local public bodies of some aspects of control over the planning and day to day operation of buildings. By adopting these vehicles and pooling assets, local public bodies in Essex and beyond, will maximise the likelihood of significant savings materialising from aggregating spend and sharing properties and processes.
- While it is not within the scope of this initial study to develop specific recommendations on alternative vehicles, the report provides an introduction to the range of options that should be considered.

Enabling the programme

- Consideration of collectively pooling assets and management arrangements must not be allowed to slow down the momentum already generated through the good work of Essex authorities. The interactions that have taken place as a result of this study and the raised level of interest in working jointly, have spawned a series of shared initiatives that will deliver early wins, and an enthusiasm and determination to see them through to fruition.
- It is recommended that an Alliance Board is formed immediately to sustain and extend the momentum generated through this project so that these collaborative initiatives, and other ideas yet to be identified, can be successfully delivered. This guiding hand will provide as a minimum, direction, funding and programme management. As part of providing direction it may oversee the consideration of more fundamental changes to the way property is planned, managed and operated.
- The proposed Alliance Board and the collaborative initiatives already embarked upon do not weaken the strong brand and identity of each participating organisation and Members need not fear a reduction in sovereignty and control over assets. The Alliance will be a 'coalition of the willing'. The consequence of not instituting the Alliance Board will be to return to the *status quo ante* world where individual authorities were ambitious but largely pursuing improvement opportunities on a singular, non collaborative basis.
- The enabling arrangements proposed will ensure that the investment of time and effort made by all participants is translated into a real programme of action that puts Essex and the East of England region at the vanguard.

2. AIMS AND OBJECTIVES

The Context

The Improvement East Asset Management Project (IEAMP) was commissioned in response to the Government’s policies to address the fiscal deficit whilst improving citizens’ experience of accessing public services.

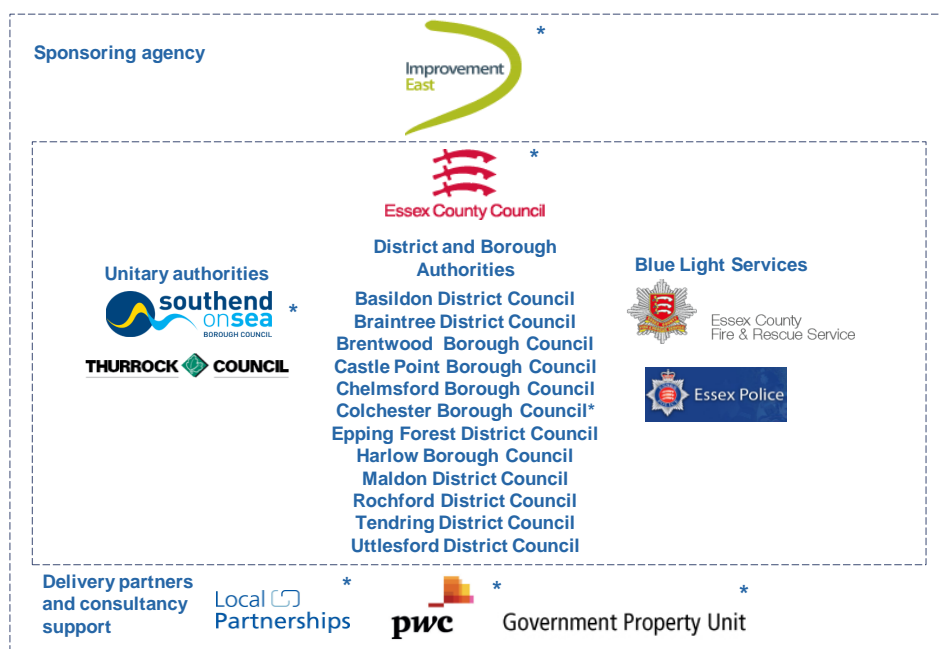
All public bodies are facing the significant challenge of delivering ‘more for less’, and effective property asset management is essential in this environment. The Spending Review reduces the settlement to local authorities by in the region of 26% over the next four years, alongside an expected increase in demand for public services.

Collaboration on managing and occupying property assets has the potential to help local public bodies live within the new fiscal environment. The IE AMP seeks to identify the ‘size of the prize’ from property, identify opportunities for sharing property occupation and management, and stimulate collaborative working. It is therefore consistent with and can inform the principles being explored by the DCLG Capital and Assets Pathfinders, which aim to align assets across partners in localities, increase savings, improve services and reduce the carbon footprint.

The IE AMP takes place within the context of ‘Localism’ that will empower people in their neighbourhoods and communities to become involved in the planning and delivery of local services. This too will call for greater collaborative working between councils, blue-light authorities, PCTs and the civil estate, to explore novel ways of achieving efficient and effective local public services. Improved asset management and the savings it can deliver will be at the heart of the transition to more efficient and locally focused service delivery formats.

The Programme

Conducted during the latter part of 2010, IE AMP was commissioned by Improvement East to deliver a strategic outline business case (SOBC) for improved property and facilities asset management. Local Partnerships and PwC have supported this report and the participating bodies are shown below.



* Steering Group member

The report sets out a range of defined programmes of improvement for local public bodies to

pursue. It also comprises a range of interventions and delivery vehicles for realising the benefits, including those that can be replicated by individual authorities, or shared across authorities and the East of England region. This report illustrates the financial opportunity or 'size of the prize', based on a set of data drawn from the work with participating Essex authorities. It provides indicative costs for setting up the governance arrangements for enabling the interventions that are needed to release savings.

The work meets the objectives of the IE AMP, namely:

- A robust Strategic Outline Business Case (SOBC) setting out well described and defined programmes of property asset management improvement for local authorities within the East of England;
- The size of the potential opportunity for Essex authorities;
- New local and shared opportunities identified;
- Shared models and pathways to accelerate benefits described;
- Collaborative working, knowledge sharing and relationship building stimulated; and
- CLG's Capital and Assets agenda supported, which seeks to improve customer outcomes and property efficiency through cross public sector working.

Programme Approach

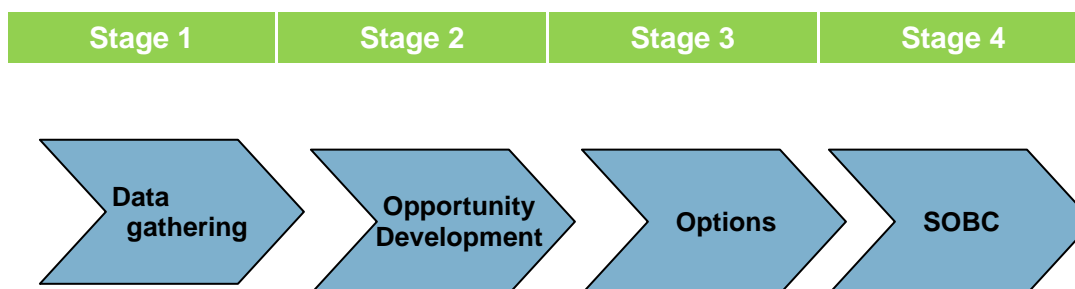
Property is an expensive resource and the aim for any occupier is to optimise the use of its real estate assets and management resources, in terms of service delivery, community and financial benefit.

High performance in the use and management of property and related services is driven by effective business processes, which in turn can consume significant capital and revenue. The most effective processes will deliver better property outcomes and consume less resource. This principle is at the core of the approach to this study.

The study used a Diagnostic Tool to undertake an analysis of the 'as-is' situation within each Essex-based authority and to compare the current self-assessed performance with leading practice and aspirations (the 'gap analysis').

Furthermore, the gap analysis process, allied with the outputs from the data gathering exercise, has been used to make an initial assessment of the cashable efficiencies that could potentially be delivered. The Diagnostic Tool quantifies the size of the financial opportunity, in terms of the financial benefit from making better use of the asset base and the resources that are consumed in operating the assets.

The project had a four stage approach as summarised in the diagram below. The four key stages were:



At each stage PwC and Local Partnerships supported the participating authorities in driving the

project forward.

Case Study 1

The Tiptree Pilot – Cross Agency Service Co-location

Summary:

- Co-location of public services in fewer, suitable assets has created financial and service benefits for Essex Police, Essex Fire and Rescue and Essex County Council.
- The trial project from July to October 2010 has proved the concept of sharing and has strengthened partnership working.
- Net capital receipts and revenue savings have been identified by partner organisations.
- Customer access to the neighbourhood policing team has been improved whilst enabling library opening hours to be extended.



3. CURRENT SITUATION

Introduction

This section sets out:

- An overview of the data gathering exercise;
- A summary of the characteristics of Essex's P&FM organisations; and
- Findings from the data analysis relating to assets, P&FM spend and IT.

Property related data was captured during September 2010. The data requested focused largely on basic property information at a building specific level and management data at a process level. The results from this exercise have been used to support the assessment of savings opportunities.

The collection of basic asset and spend data created a series of challenges for many of the participating authorities. The gaps or inaccessibility of their data beg the question of how realistic it is for many local public bodies to release significant property savings other than by resorting to a 'slash and burn' sell-off. Identifying solutions that mitigate service cuts but release revenue and capital from underutilised or surplus space, requires information on assets and their use, which too often is absent.

Very few participating authorities were able to demonstrate comprehensive data coverage across core data fields including value, tenure, area, running costs and backlog maintenance. The project team needed to work closely with participants to remediate the data collated using extrapolation and benchmarks. Data returns were more robust for the office and commercial / investment portfolios, which are typically managed by central teams. Returns exhibited the greatest data gaps across the broad range of front-line service assets e.g. car parks, leisure centres, day centres. Devolved responsibility for property budgets in a number of participating authorities undermined their ability to provide running cost data and understand their total property occupancy costs, which is essential for efficiency planning.

The most significant data gaps covered:

- Floor space data i.e. the area of space occupied by each authority;
- Backlog maintenance data i.e. assessment of the financial liability associated with the operational portfolio; and
- Running cost data i.e. the total property occupancy cost for the portfolio.

A number of participating authorities also found it challenging to identify third party spend on property and facilities management (P&FM) services. The challenges typically concerned capturing spend by activity category and asset type, for example security spend associated with office and operational assets, grounds maintenance spend and minor works.

Data returns from the blue light services were generally more robust than the returns from the local authorities and lessons can be learnt from their approach to data management.

The key property management characteristics of the participating organisations are summarised below:

Key Characteristics of Essex's Property & Facilities Management (P&FM) Organisations

- **Sourcing model** - the majority of districts and boroughs operate traditional in-house service models for the delivery of P&FM services. The larger local bodies in Essex operate a mixed model, typically sourcing estate management, capital project services and a range of hard facilities management (FM) services from the private sector. One participating authority has outsourced all P&FM services to the private sector whilst retaining a very thin intelligent client function for strategic asset management within the authority. Another is restructuring the provision of Property and FM-related services and is procuring a Total Facilities

Management (TfM) solution (refer to Appendix 1) to deliver a wide scope of property services.

- **Corporate landlord** - property is generally viewed as a service 'owned' resource; the principle of a 'corporate landlord' (the notion that property is held as a corporate rather than service 'owned' resource to support the delivery of corporate priorities) is partially embedded at best and, generally, there is a high degree of fragmentation and devolved property budget holding across authorities.
- **Governance** – two-thirds of the participating authorities have a strategic property board and an asset management champion.
- **Strategic asset planning** – 50% of participating authorities do not have well developed service asset plans in place. Only one participating authority has comprehensive coverage.
- **Flexible working and desk sharing** – this is not widespread, even though desk sharing can improve occupancy levels and utilisation rates within the office portfolio. Flexible working policies are, however, in place in 50% of authorities.
- **Asset sharing** - there is isolated evidence of asset sharing across local agencies, although there is recognition that much more could be done to optimise asset utilisation across the public sector estate.
- **Data and performance management** – as referred to above, many participants found providing core data challenging and examples of robust performance management are limited. However, participants recognise the importance of robust data and performance management in identifying opportunities to better utilise the public sector property portfolio.

Key findings from the data collection exercise³ are summarised below and focus on four areas:

- a) Assets – operational assets and office/workspace
- b) Activity (staff) spend in relation to property asset management (PAM) processes
- c) External spend in relation to PAM processes; and
- d) IT systems used to support and deliver PAM processes.

a) Assets

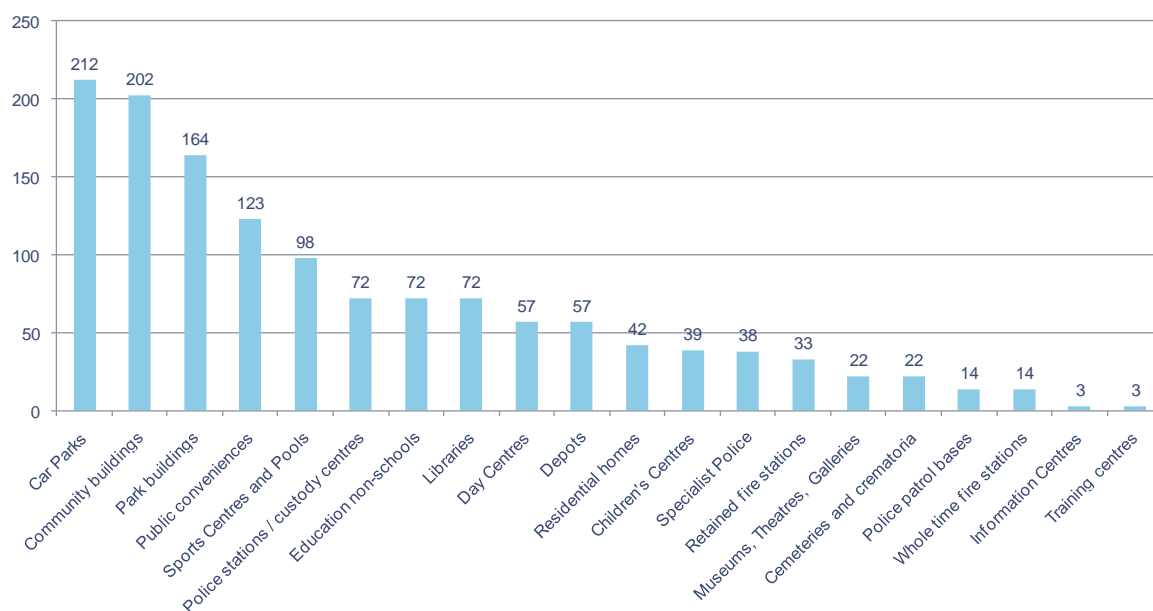
Operational assets:

- Ownership – participating authorities own the freehold on the majority of the operational buildings within their portfolios. With the exception of Essex County Council, there is a very limited leasehold estate.
- Size of the portfolio – 2,231 operating assets are reportedly owned or occupied by the participating authorities and comprise 1,596 non school buildings and a further 635 schools. The schools portfolios of Essex County Council, Southend-on-Sea Borough Council and Thurrock Borough Council total approximately 1,136,000 m² of floor space.
- Value – the net book value of operational assets (excluding offices) is c.£3.3 billion; 60% of this value is accounted for by the schools portfolio with the remaining 40% (£1.32bn) attributable to the non schools portfolio (excluding office workspace). Asset valuation methodologies vary by asset class and do not typically equate to current market value, for example schools portfolio value is typically based on depreciated replacement cost (DRC).

³ Three participating authorities were unable to complete the data collection templates within the project timescales due to resource constraints. In order to address this gap and facilitate analysis at an Essex-wide level the project team used asset totals contained within each authority's statement of accounts and used extrapolation techniques and benchmarks to estimate figures for the key asset variables.

- Type of asset – the composition of the operational asset portfolio is typically varied. Car parks, community buildings, parks buildings, public conveniences and sports centres and pools account for 50% of all non schools operational assets. Blue light service assets including police stations, custody suites and fire stations comprise 11% of all operational asset holdings.

Figure 3.1 – Number of non-schools operational assets by type⁴

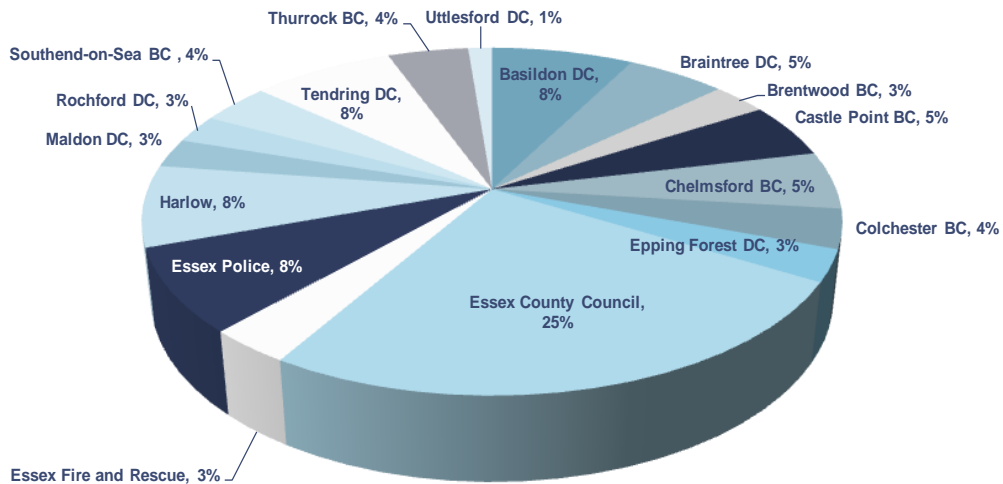


- Asset holdings by organisation - 64% of all non schools operational assets are held by district and borough authorities⁵. Blue Light services comprise 11% and the County Council hold 25%.

⁴Asset category totals have taken from Local Authority Statement of Accounts 2010 to ensure a consistent approach. Police and Fire asset numbers have been taken from completed asset data templates. N.B. miscellaneous (237) assets have not been charted in Figure 3.1.

⁵ Southend-on-Sea has not included assets of de minimus value in their 2010 Statement of Accounts which may understate their total asset holdings.

Figure 3.2 – % of number of non-schools operational assets (by participant)



- Annual premises running costs are estimated at £41 million for the non schools operational portfolio (excluding offices) and a further £36 million for the schools portfolio for rent, rates, insurance, utilities, waste, cleaning, security and maintenance. Energy costs are estimated to make up 36% of total running costs for the non schools portfolio and 41% of the running costs for the schools portfolio.
- Condition and maintenance – the backlog maintenance data returned by participating authorities total approximately £42 million for the non schools portfolio and £149 million for the schools portfolio (78% of the total backlog maintenance). The relatively high figure for schools is substantiated by the availability of widespread condition survey data. However, the non schools portfolio is likely to be significantly underestimated due to the limited availability of data for this key variable.
- Carbon emissions – using the Carbon Trust Ready Reckoner it is estimated that the participating authorities' non schools operational portfolio creates 130,000 tonnes of carbon dioxide emissions. This is based on an estimated annual energy spend of £14 million.

Office/Workspace:

- Ownership – Essex authorities own 80% of their office properties and lease the remaining 20%.
- Size of the portfolio – the participating authorities own or occupy 109 office buildings which comprise 208,000 sq.m. of space. Assuming an average 10 sq.m. per workstation⁶ and a one person to one desk occupation ratio, an office portfolio of this size could accommodate approximately 20,700 full time equivalents (FTE). Whilst comprehensive headcount data for core office workers was not provided by participating authorities, forecast headcount reductions across the public sector and the introduction of flexible working (which facilitates desk sharing) offer the opportunity to reduce floorspace. The benefits that could be achieved from rationalising the office portfolio are discussed in Section 5 of this report.
- Value – the net book value of the office portfolio is £204 million.
- Running costs are estimated at £15 million each year (this is likely to reflect an under-spend

⁶ An average occupation density of 10 sq.m. per workstation includes storage, primary circulation and ancillary and amenity space across an office building. It is becoming common for organisations to achieve occupation densities significantly below 10 sq.m. per workstation.

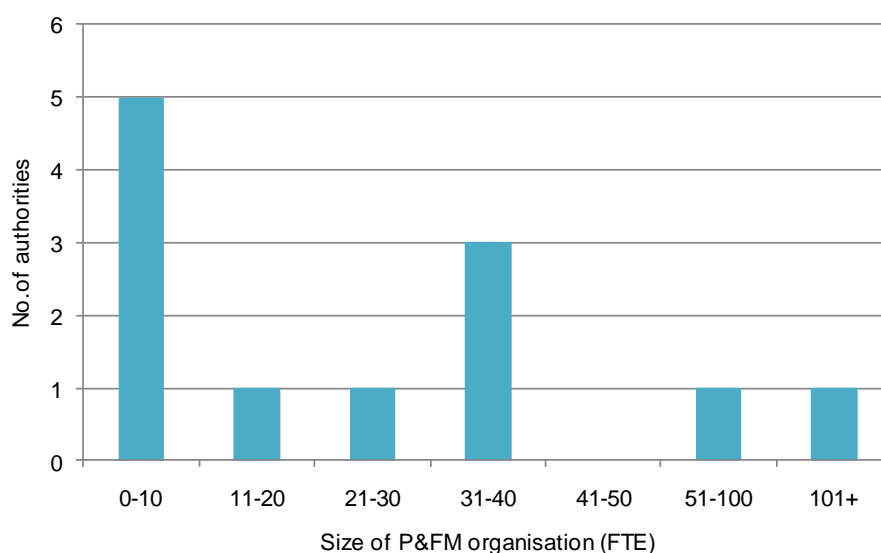
on maintenance).

- Backlog maintenance is estimated to be £18 million.
- Carbon emissions - it is estimated that the participating authorities office portfolio creates 38,000 tonnes of carbon dioxide emissions based on £4.4 million a year of spend on energy and using the Carbon Trust Ready Reckoner.

b) Activity Spend

- Size – the size of the P&FM organisation varies across the Essex authorities. Five authorities have less than 10 FTEs undertaking P&FM activities. In some cases only one or two officers are responsible for a wide range of property related activities, including strategy and operational delivery.
- Essex County Council and Southend-on-Sea Borough Council have larger P&FM organisations defined by clear activity groupings e.g. maintenance, estate management, facilities management.

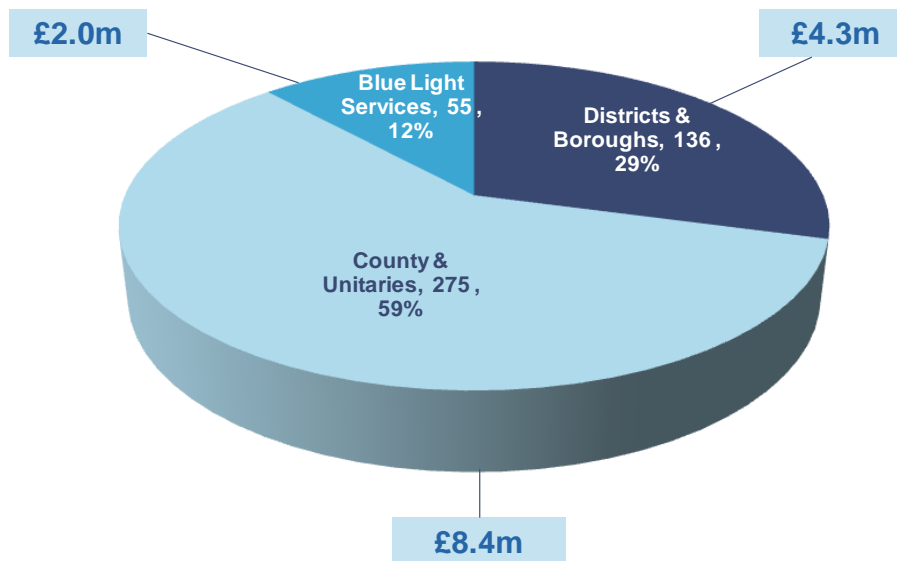
Figure 3.3 – P&FM organisation size



- Number of FTEs – there are over 466 FTE providing P&FM services across the Essex authorities⁷. Staff may be managed by a central property function or perform various property related activities within service directorates. District and Borough staff comprise 29% of the total whilst the upper tier authorities comprise 59%; blue light service staff make up the remaining 12%.

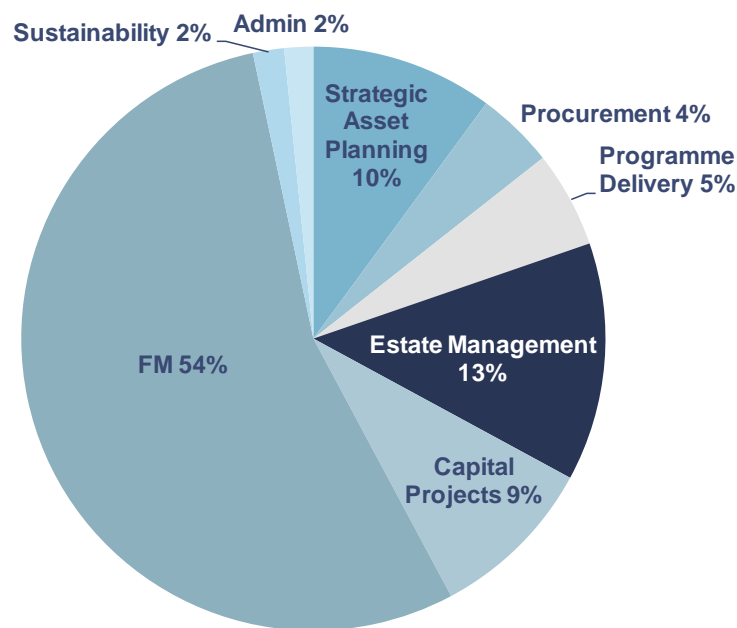
⁷ FTE data has not been provided by five participating authorities.

Figure 3.4 – Annual spend on P&FM staff by organisation type



- Activity spend - staff spend is estimated to total £14.7 million per annum. By process area, activity spend is broken down as follows:
 - Managing operational property – £10.5 million
 - Managing office / workspace – £2.4 million
 - Managing non operational property - £0.7 million
 - Managing the property function - £1.1 million.
- Activity analysis – by process area, there are 336 FTEs involved in managing the operational property, 84 managing office workspace and 18 in commercial portfolio management. The remaining 28 provide intelligent client activities and support the corporate property function.
- Analysis by activity type, as illustrated in Figure 3.5, highlights FM as the principal activity being undertaken by participating authority staff (50% of FTE's). However, a significant number of staff (150) are also engaged in strategic asset planning, estate management and capital projects.

Figure 3.5 – P&FM activity analysis



c) External spend

In addition to the significant spend on staff performing in-house property services (£14.7 million) participating authorities spend an estimated £25 million per annum on property supplies and services from third parties.

Figure 3.6 breaks this spend down by category and illustrates that approximately £17.5 million is currently spent by authorities on various FM activities. A high level review of the number of suppliers providing P&FM services to the participating authorities revealed multiple supplier arrangements across service categories, with the greatest degree of fragmentation apparent in hard and soft FM services.

The collaborative FM initiative being led by Essex County Council and a move towards a total facilities management sourcing model, will go a long way to removing this supplier fragmentation, whilst also creating service improvements and financial efficiencies. This opportunity is discussed in more detail in Appendix 1.

In addition to spend on supplies and services a further £31.5m per annum is estimated to be spent on maintenance and construction works across the non-schools portfolio⁸ (Figure 3.7).

⁸ External spend data has been taken from completed external spend templates for eight participating authorities. Data gaps have been addressed using extrapolation techniques, however, it is anticipated that spend figures are currently underestimated. Further work on third party spend across the participating authority community is required to improve confidence on this key data variable.

Figure 3.6 – External spend – supplies and services

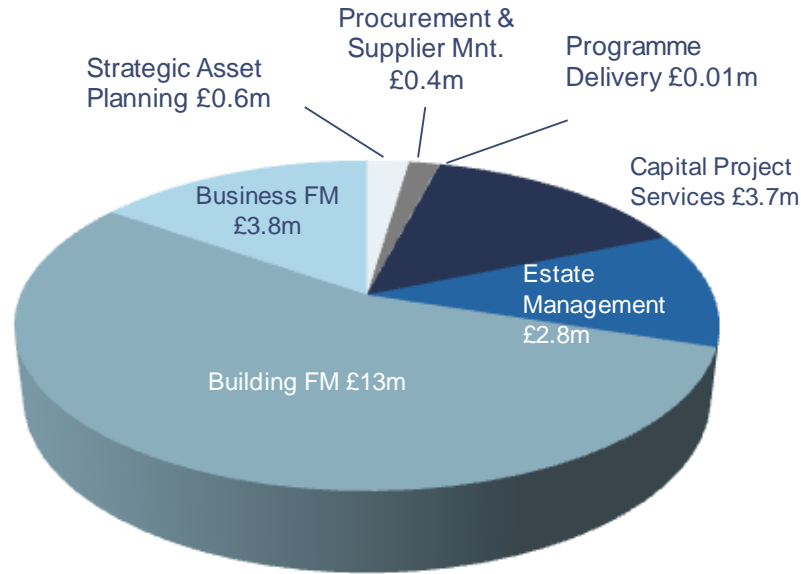
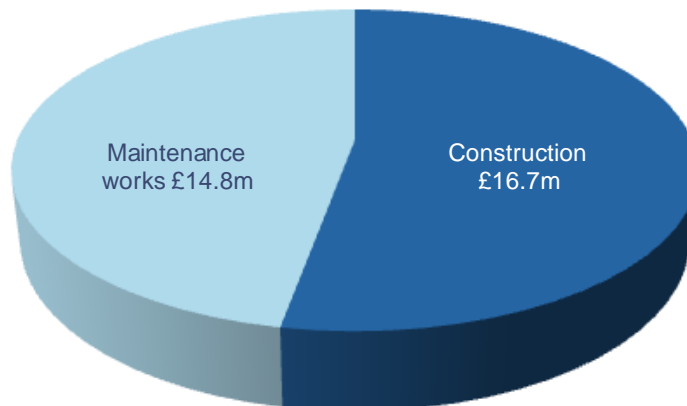


Figure 3.7 – External spend – maintenance and construction works

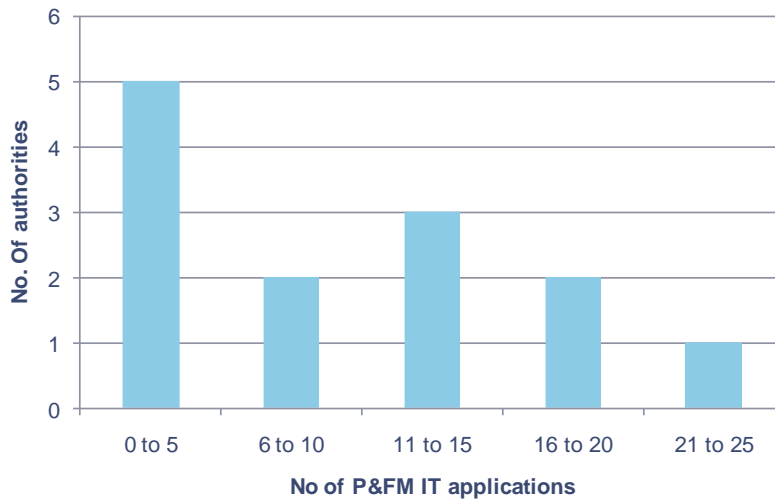


d) IT Systems

Essex authorities are using approximately 130 IT applications to support P&FM processes. These applications range from integrated Computer Assisted Facilities Management (CAFM) systems and property management applications within SAP and Oracle, to Excel spreadsheets and Access databases. Of these systems and spreadsheets, 37% are deemed to be highly 'business critical' to day to day operations (there is a negative impact to business if not recovered within 1 day).

Figure 3.8 illustrates the high degree of fragmentation in data storage across the participants and goes some way to explaining the challenges that authorities face in reporting robust strategic property data on a timely basis. Significant scope exists to consolidate data storage and improve policies and protocols around data management and reporting, in order to facilitate improvements in strategic asset management.

Figure 3.8 – Number of P&FM IT applications by participating authority



Case Study 2

Model Lease for Community Groups – Basildon District Council

The model lease has provided the Council with a transparent process through which it has transferred the management of facilities to the community whilst keeping sight of the objectives of good estate management and community empowerment.



Simon Hughes, Head of Property & Regeneration, Basildon DC

Summary

- The Council has 38 designated community buildings and introduced its model lease as a first step to empowering community groups.
- Model lease provides for regularisation of terms of occupation and obligations of landlord and tenant.
- Facilitates a transparent oversight of council decision making.
- Basis for extending community involvement in the management of council owned land and buildings.
- Particularly well suited to smaller buildings.

Model Lease Terms

- 7 year term with rent set at 110% of rateable value.
- Landlord and tenant can break the lease at 3 months notice.
- Tenant responsible for internal repairs and building insurance, council retains responsibility for structural failure.
- New groups are given an automatic 90% discount.

4. SIZING THE PRIZE

Introduction

Workshops undertaken with participating authorities in September and October 2010 to understand the maturity and effectiveness of their property management arrangements, have helped to establish the size and source of the opportunity in Essex.

Each authority completed a self-assessment of the 'gap' between their current performance and leading practice using an assessment framework. The 'gap' scores both indicate where resources need to be focused and the level of potential efficiency savings that can be released by closing the 'gap'.

This section sets out:

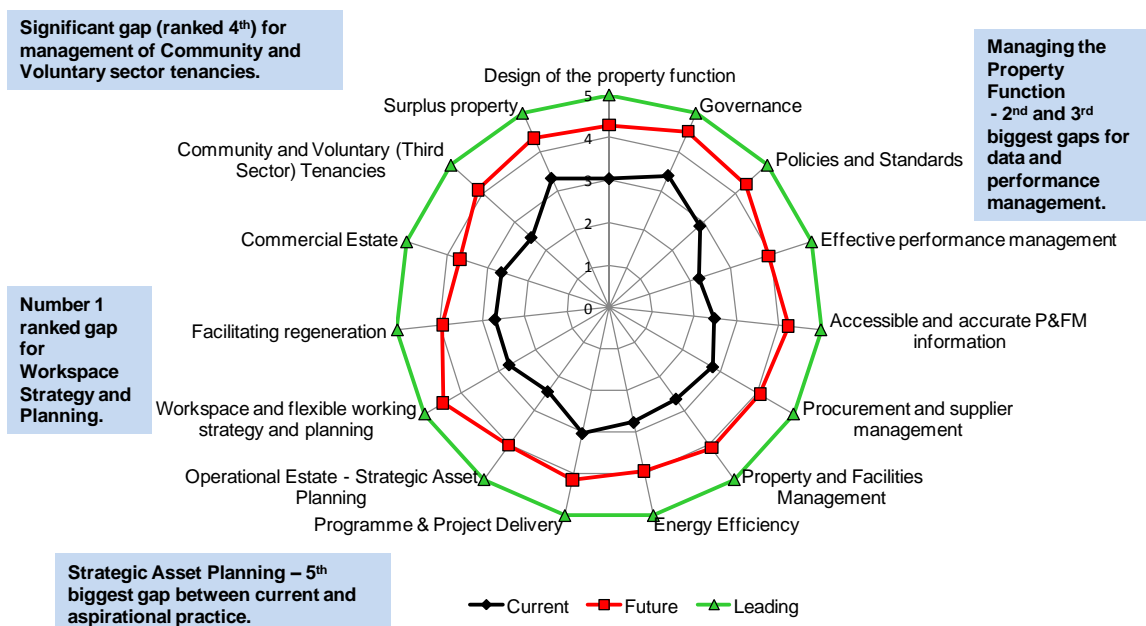
- The results of the 'gap analysis' - i.e. where the key gaps are in asset management practice
- The size of the potential efficiency savings.

Gap Analysis

One of the key outputs from the gap analysis workshop is a spider diagram illustrating areas of respective strength and areas for improvement in 15 areas of property asset management. Using the current and target scores for each participating authority an aggregate assessment is set out in the diagram below.

Leading practice is rated as a score of '5'. The gap is presented as a numerical score in the range 0-5, where '5' represents the largest possible opportunity to improve and 0 reflects no material opportunity.

Figure 4.1 – Aggregate participating authority gap scores



The inner circle (black) is the aggregate current position and the middle circle (red) represents the level to which the Essex authorities aspire in terms of improving the use of their property assets and management resources. The outer circle (green) represents leading practice.

For many participating authorities, particularly the smaller districts and boroughs, the aspiration

for service improvement fell some way short of leading practice in a number of areas. Participating authorities adopted a pragmatic approach when articulating their improvement aspirations, balancing their resource availability (both financial and human capital) against anticipated future benefits. Generally, those authorities with a limited number of P&FM staff deemed the level of input required to achieve leading practice in certain areas would outweigh the anticipated benefits.

The results show significant gaps between current maturity and aspiration and an even larger gap to leading practice. The spider diagram highlights the real potential that exists to deliver improvement, for example, in planning and operating efficient social infrastructure in Essex and squeezing more out of less resources. Some gaps need addressing to 'enable' savings, for example, putting in place effective governance arrangements and enforcing corporate policies and procedures. Closing other gaps is directly associated with potential savings, for example, energy management practices and strategic asset optimisation plans.

Participating authorities used their 'gap' scores to identify and prioritise a range of local improvement opportunities that will move them closer to leading practice and help release savings. These local priorities were also the basis for agreeing opportunities for joint working. A summary of the local and collaborative opportunities embraced through the course of this study is provided in Section 5.

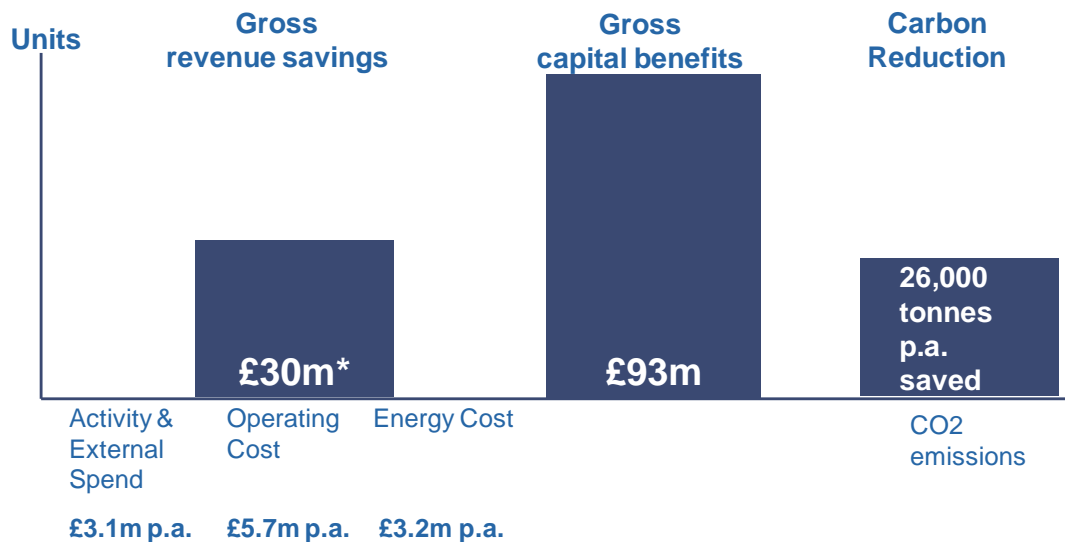
Sizing the Prize

This section provides an estimate of the size of the collective opportunity open to Essex authorities to release financial benefits over the next 3-5 years from property. Gross aggregate efficiency gains across a range of benefit areas for the 17 participating authorities have been estimated using the diagnostic tool. This estimate is based on evidence drawn from case studies, the baseline data (see section 3), the gap scores (see Figure 4.1 above) and benchmark efficiency savings ranges adjusted for each participant's maturity.

Savings from moving to leading practice - The potential savings that can be achieved in Essex by closing the gap between current practice and leading practice are illustrated in the table below. The table shows a combination of potential annual efficiencies and capital receipts.

The benefits quantification model also allows for an assessment of future cost avoidance. However, due to the significant gaps in the participating authority baseline data on backlog maintenance, particularly for the non schools operational portfolio, figures have not been included at this stage.

Figure 4.2 – Estimated size of the benefits opportunity



*Revenue savings build up to £12m p.a. by year 5. Cumulative revenue totals £30m over 5 years and £88m over 10 years

In summary, an Essex wide asset management programme has the potential to deliver gross benefits of approximately £120 million over 5 years. This includes total cashable revenue savings of £30 million over 5 years (i.e. building up to £12 million per annum) and gross capital returns of over £90 million by year 5. In addition, Essex authorities will avoid costs on backlog maintenance and have the potential to reduce their carbon footprint by an estimated 26,000 tonnes per annum.

Total property savings assume that approaching 15% of the non-office operational estate is released. The impact on front-line services is mitigated by reinvesting some of the capital to relocate core services within a down-sized and 'greener' retained estate, a small proportion of which is new, efficient public facilities that replace underutilised, outdated buildings and accommodate multiple services.

In other words some of the existing asset value is recycled to capture revenue savings and to align the estate better with local community needs, providing capital funding to invest in social infrastructure in Essex during this challenging period of financial retrenchment.

The savings are also based on a reduction in office floor space of 25% across Essex authorities, a 14% reduction in the cost of employing the internal property management functions, a 5% efficiency saving from smarter procurement of FM services and a 30% reduction in energy consumption.

The 26,000 tonne reduction per annum of carbon (based on Carbon Trust Carbon Footprint Indicator ratios) represents a 16% reduction in total carbon emissions generated by property occupation against the current baseline. This will make a significant contribution to the qualifying participants' Carbon Reduction Commitment (CRC)⁹. Significant reductions in carbon emissions will reduce the revenue commitment participating authorities will need to make to purchase emission allowances from Government of £12 per tonne. Furthermore, excellent performance in this area will enable authorities to benefit from revenue recycling i.e. league table positions will affect how much of the revenue generated by selling allowances is 'recycled'

⁹ CRC is the mandatory emissions trading scheme, set up by the government, that aims to reduce the amount of carbon dioxide (CO₂) emitted throughout the UK. It is part of the Government's target of reducing the country's greenhouse gas emissions by at least 80% by 2050 compared to the 1990 baseline.

back to participants.

Similar savings opportunities are expected to exist across the East of England. While the savings potential has not been extrapolated, it would be reasonable to expect the opportunity in the East of England to be significant in gross capital proceeds and revenue savings. However, the size of the potential benefit will vary from place to place along with the nature of the specific local and collaborative opportunities.

In order to secure the potential benefits set out above, Essex authorities will need to:

- Exploit all opportunities for utilising more effectively the properties owned by the wider public sector in Essex, for example by sharing depots, offices and customer access points with other local public service providers and, generally, by using facilities to deliver a mix of services.
- Adopt leading practices in managing operational property and office workspace to enable asset rationalisation and to reduce the unit cost of managing the portfolio; for example, moving to single help desk facilities, increasing 'spans of control', challenging service standards, proactively managing contracts with suppliers and identifying realistic portfolio change options. This includes putting in place 'enabling' arrangements such as appropriate governance, centralised management, policies, data and performance management.

Addressing funding cuts from central to local government

Whilst the project has identified potential revenue savings of £30 million over 5 years, the Comprehensive Spending Review in October 2010 reduced the revenue funding from central to local government by 26% of four years. The size of the financial challenge faced by the sector is exacerbated by reductions in locally sourced revenue. If property budgets were reduced by 28%, this would equate to around £20 million a year or £45 million saving over 5 years in respect of savings from reducing footprint and process efficiencies. A 28% reduction in the owned non-school operational estate (by area) could yield capital receipts of £165m in Essex. This higher savings estimate is consistent with the case studies and business analysis referred to in Section 5. For example:

- The Essex collaborative FM initiative has identified annual savings potential of £3-4million;
- High level analysis of the benefits of a single approach to office accommodation indicate a £6 million annual revenue saving before desk sharing is considered; and
- The County has developed business cases for reducing property running costs by 28-34%.

The capacity to achieve these savings is constrained by the current model for providing local public services. Of course, crude cuts in the volume of facilities and associated services will capture savings, but this would entail significant closures of libraries, leisure centres, residential hostels, youth centres, childrens' centres and so on.

Releasing and accelerating the full savings opportunity whilst protecting service quality (i.e. getting 'more from less') will be predicated upon the introduction of new service delivery models across the public sector, which will move activity away from traditional asset use and management.

These could include:

- Greater use of digital channels, for those able to access public services in this manner, reducing the need for physical interaction and the consequential need for premises;
- A redefined role for the public sector, as a commissioner of services, placing delivery responsibility with the third or private sectors;
- The introduction of more efficient service delivery models, such as shared services, across

- organisational boundaries, to achieve economies of scale and liberate resources;
- The review of public service delivery, to eliminate areas of discretionary provision and focus back on statutory services;
- The introduction of new trading or charging arrangements, which could offset current asset costs with new revenue streams; and
- The development of the Big Society concept, whereby local communities play a greater role in the definition and delivery of the services they require.

Each of these agendas could significantly impact upon the requirement for, and use of property assets, but in combination they could represent a fundamental shift in the demands placed on physical assets. Once these have been worked through, as authorities respond to the challenge set out in the spending review, new asset management arrangements could liberate significant additional value, potentially well in excess of the overall 28% target. However, as these savings are dependent upon the definition of new service delivery models, they sit outside the scope of this project, as currently defined.

Section 6 considers a number of alternative asset management delivery models that seek to liberate some of the savings potential, which is restricted by the current operating models.

Importantly, any changes made as a result of this project, should consider the likely future public service delivery models and, as such, seek to retain the commercial and contractual agility to address future changes, whilst seeking to modernise facilities to allow flexibility in how services are delivered.

Conclusion

Notwithstanding which target is adopted, there is significant potential to improve the planning and operation of social infrastructure in Essex to squeeze more out of less resource. Reducing Essex authorities' dependency on property and shifting service delivery to other channels provides one of the biggest opportunities, along with adopting a 'one roof, multiple public service' policy, that accommodates different provider organisations, including Jobcentre Plus and other government agencies.

Securing benefits depends on public sector organisations moving to leading practice property processes, sharing assets and using economies of aggregation to lower the cost of facilities.

The next section outlines the many initiatives that are already being put in motion in Essex as the participants work towards releasing early benefits. Section 6 explores the more fundamental changes to holding and managing the portfolio that are needed if the bigger 'prize' of releasing significant cash savings from property while safeguarding public services, is to be achieved.

The Latton Bush Centre, Harlow – Community Hub

By introducing a businesslike approach to charging for occupancy Harlow District Council has facilitated the financial turnaround of a valuable community asset. Historically costing of £500k per annum, the centre now produces a surplus of circa £200k per annum.



Summary

- Former secondary school acquired by Harlow District Council to be run as a community centre. Owned and managed by the Council as a 'cost centre'.
- Centre supports a range of businesses, social enterprises, charities, public health and leisure services and provides base for the neighbourhood policing team.
- Facilities include office / workspace, meeting rooms, auditorium, private and public health services (Essex Cares and PCT staff), private crèche / nursery, indoor and outdoor tennis courts, bowling green.
- Robust management structure and capacity in place to drive further development.

5. OPPORTUNITIES AND INITIATIVES

Introduction

The previous section demonstrates the very significant “prize” that can be achieved through improved asset management. This section looks at how these potential savings can be secured and in doing so help Essex to overcome financial austerity and shift to new models of service delivery. There are two ways in which these savings can be released:

- a) Locally-led initiatives
- b) Collaborative initiatives.

a) Local Initiatives

In line with ‘localism’, the political reality and the two-tier system of local government in Essex, many savings will for the time being emanate from local initiatives. Already the work undertaken as part of this project has created a momentum for accelerated improvement. Many participants have reprioritised their local property improvement programme and are embarking on new initiatives, such as reviewing FM contracts, depot rationalisation, flexible working practices and building-energy management.

Approximately 100 local improvement initiatives have been identified by the Essex authorities through the ‘gap analysis’ workshops described in section 4. Participants used their ‘gap’ scores to identify and prioritise a range of initiatives that will close their performance ‘gap’ and release savings.

Going forward, senior management buy-in and sponsorship will be a pre-requisite to making the changes to property management and building occupancy arrangements that will help to reign in expenditure on buildings and create sale receipts. It will be incumbent on each participant to work up business cases and get senior management approval to push forward with these local improvement priorities.

Local improvement initiatives have been grouped by theme in Figure 5.1 and are described in more detail below¹⁰.

Organisation design - a significant number of local improvement initiatives seek to improve the effectiveness of the property and FM organisation, by centralising property-related activities together in one place to reduce duplication and create centres of expertise.

Strategic asset planning - over a quarter of the opportunities identified involve strengthening strategic asset planning activity within the organisation and in collaboration with partner agencies. Common initiatives include establishing and embedding robust estate review methodologies which fundamentally challenge asset use and retention by front-line services. There is also an intent to develop cross agency asset plans for localities with the support of common data sets and asset mapping.

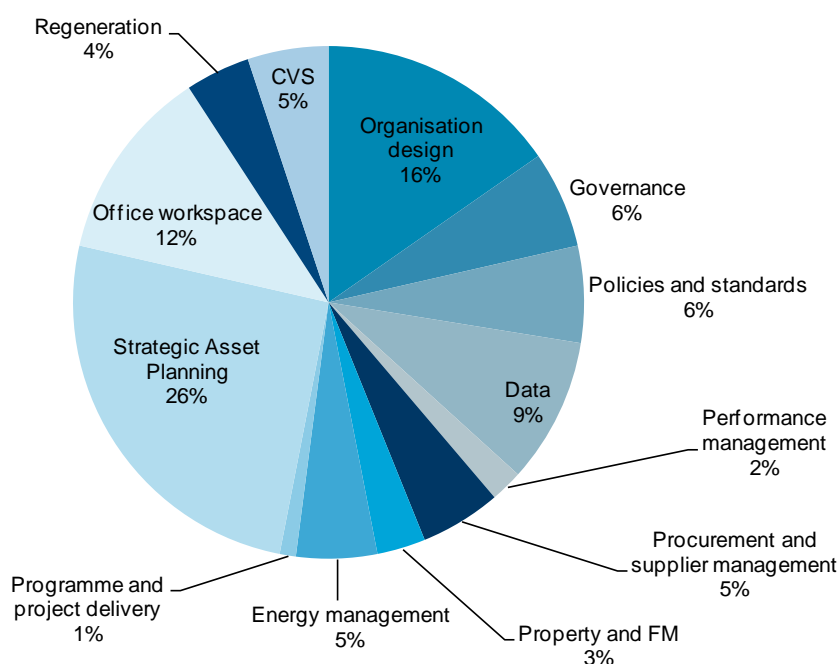
Office workspace strategy and planning - twelve local improvement opportunities involve office portfolio reviews that aim to identify the scope that exists to release surplus or underutilised space, by improving space utilisation and introducing flexible and mobile working practices. Participating authorities highlighted the merits of establishing common methodologies for estate review and a need for common standards and specifications for multi-agency office

¹⁰ A broad correlation is apparent between the improvement opportunities identified and the aggregate gap scores set out in Figure 4.1. Strategic Asset Planning and Workspace Strategy initiatives make up 38% of all opportunities and were among the process areas showing the highest ‘gaps’. Some areas with a large ‘gap like’ data and performance management’, comprise only a small percentage of all opportunities; however, authorities recognise that the delivery of robust office workspace and asset rationalisation programmes will be predicated on improved intelligence about the performance of the estate.

sharing.

Enablers - a significant number of local initiatives such as centralising and strengthening corporate property policies, data and property decision-making are 'enablers' of change. Implementing these basic practices will help individual Essex authorities to drive down the floor area occupied by 'silo' services and reconfigure the portfolio in each locality. This will help to intensify the use of facilities, group related services under one roof and tailor physical service access to the local customer profile. For example, making improvements to the authority's core property data and performance management system will enable authorities to make informed strategic choices on the retention or release of assets, in response to changing service demand and the introduction of new operating models.

Figure 5.1 – Local improvement opportunities by theme



Good practice case studies

In parallel with identifying improvement opportunities, participating authorities were also invited to identify and share areas of good practice using case studies. These are appended to this report at Appendix 2 and a mechanism has been established using the IE AMP portal to share good practice in asset management between public sector organisations in Essex, and across the region, on an ongoing basis.

b) Collaborative Opportunities

Identifying collaborative opportunities

The common local opportunities described above provide a clear indication of those areas where collaborative working within an Essex / East of England Programme could assist authorities in accelerating their improvement initiatives through the design and delivery of shared solutions.

At a series of participant workshops attendees were invited to share their challenges and local improvement opportunities and work together to identify ideas for potential collaboration and joint working that could:

- Help deliver local property improvement priorities; and/or

- Release additional benefits e.g. more cash, lower implementation costs, accelerated benefits.

During the workshops participating authorities created a long list of potential collaborative opportunities and started to test the rationale for each. Opportunity leads and supporters were identified and were tasked to work with the project team to develop strategic outline cases for the initiative. This work was tested and developed further at a workshop in November 2010.

The opportunities identified by the participants are captured in Figure 5.2 below (white boxes) and range from initiatives focusing upon limited co-operative working on the left hand side of the diagram to those opportunities focused upon collaboration and co-ownership to the right hand side. The majority of the opportunities reflect the need for a 'collaborative' culture and willingness to work together across authority boundaries to deliver the potential benefits.

Figure 5.2 – Improvement opportunities and the collective working spectrum



Source: Employers’ Organisation Smarter Partnership Website

This section describes the nature and scope of each initiative which is being progressed by working groups. Strategic outline cases for each initiative are attached in Appendix 1. Two of the initiatives (highlighted in blue in the diagram above) originated from conversations within the Steering Group and are discussed in Section 6 on alternative delivery models. They involve pooling assets and management arrangements and are intended to liberate additional savings, which are restricted by the current property ownership and management model. As the diagram shows they require a 'convergent' form of working together i.e. 'co-ownership'.

The initiatives described below have been subjected to varying levels of focus depending on the point at which they were identified in the project and the availability of resources and data. Two of the initiatives, Collaborative FM and Asset Rationalisation have been given greatest focus and started early in the project timeframe. It was recognised that this IE AMP project provided an excellent framework to drive these ideas forward and harness the commitment of the respective authorities.

Collaborative Facilities Management – Essex County Council was in the process of procuring new supply arrangements for the delivery of a range of Facilities and Utilities management services. The initiative has held two dedicated workshops with the Essex- based authorities and tested :

- The operating models that would enable neighbouring authorities to access the contractual arrangements with the preferred supplier; and

- The appetite from participating authorities to engage in the process to procure these services collaboratively and benefit from the target outcomes of cost savings and improved service delivery.

The main outcomes from this initiative to date include:

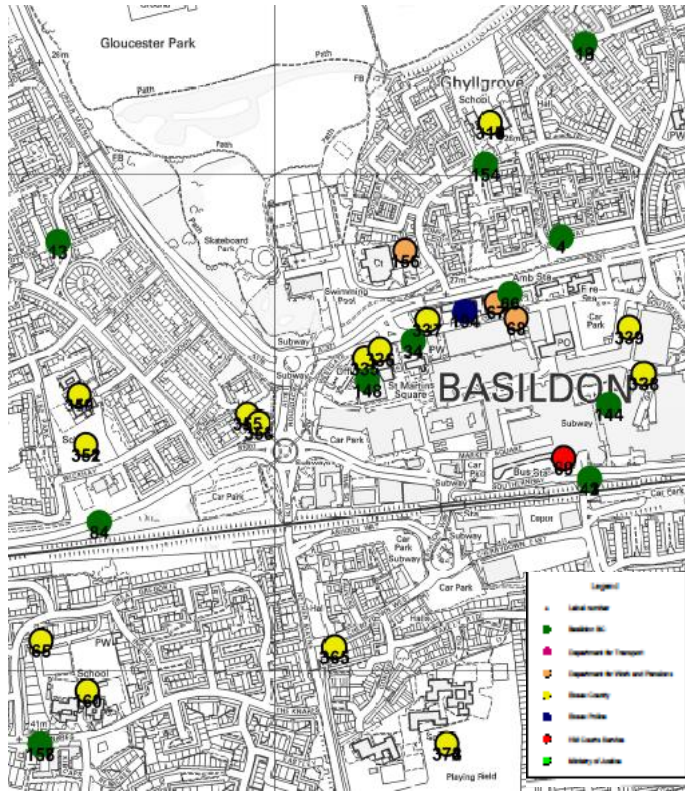
- Degree of interest – there has been considerable interest generated from the majority of participants in the IE AMP project and 11 authorities were represented at the workshops.
- Contracting Options –the two main contracting options have been reviewed and developed (see Appendix 1.1 for further details). No authority is in a position to join ECC via the Direct Agreement option, principally because the preparation and approvals required within the current procurement timescale (OJEU issued in January 2011) prohibit commitment at this stage. There is a possibility of entering a Direct Agreement at a later date, subject to gaining confidence in the process and suitability of the Agreement to the respective authorities' needs. The focus for interested parties at this stage is to access the Framework Agreement that will be set up from the planned procurement process. This will provide the flexibility and transparency that authorities currently seek and will give time to undertake the internal analysis required prior to any decisions being made.
- Technical Input – authorities are willing to contribute to the success of this project by providing input to the procurement process and documentation to ensure that it reflects their respective needs. Site visits to types of properties that are representative of all the authorities in Essex will also be required. This is recognised by the workshop attendees who are also willing to engage with ECC during the procurement.
- Management Options – reviewed management arrangements and determined that should one authority provide a contract management service of a new contract on behalf of another, this arrangement could be challenged under EU procurement law unless it falls below the threshold for service contracts (< £100k total value over 4 years). Consequently, in order to avoid any challenges and complex inter-authority arrangements, the contract management of any new FM service arrangements should be undertaken or procured independently by each respective authority.

In summary, this workstream has made great progress within the IE AMP and identified a strong interest amongst the participating authorities to work together with Essex County Council and deliver a Framework Agreement that is flexible and accessible, whilst also delivering the benefits from this collaborative procurement exercise.

Town centre asset rationalisation –Basildon and Brentwood town centres were selected as examples of where different public sector agencies could plan their asset strategies collectively and find real opportunities to share office space and other accommodation. The initiative piloted a method of working together to identify and unlock opportunities. It brought together all the senior asset managers of the local authority, police, fire and health organizations, used e-PIMS to map assets and demonstrated a successful model that will be developed for use going forward. Figure 5.3 provides an illustration of the mapping outputs that have been generated as part of this exercise¹¹.

¹¹ The map highlights the significant number of assets held by the public sector organisations delivering services within a town centre in Essex. The mapping exercise captured asset holdings from the Borough Council, County Council, Essex Police and Fire Services and Central Government Departments including the Department for Work and Pensions, Her Majesty's Court Service and Ministry of Justice.

Figure 5.3 – Cross-agency area asset mapping using e-PIMS



The reviews of Basildon and Brentwood included input by ECC, the respective Borough Councils, Police, Fire and the PCT. The initiative progressed to the point of sharing each authority’s respective emerging strategies for each town centre in a workshop, and the consequent identification of potential opportunities of mutual benefit to two or more authorities. It is recognised, by the participating authorities, that this approach will generate a strategy for each location reviewed and opportunities for consolidating space and releasing surplus assets.

The process identified that there are very few ‘core’ (i.e. known to be required and retained over the long-term) assets and the majority of assets are designated as ‘flexible’ i.e. needed in the medium term but could be rationalised thereafter. This initiative also identified several additional short and long-term

options for Brentwood BC to re-provide head office accommodation following the planned disposal of the town hall.

A summary of the potential opportunity that could be realised from an integrated approach to the office estate across Essex is included below, with further details of the overall opportunity in Appendix 1.2.

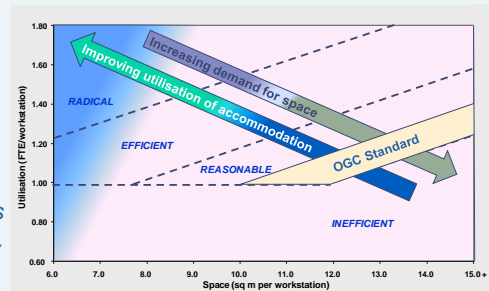
Integrated Office Rationalisation across Essex

Developing and delivering an integrated office strategy will bring the Essex public sector portfolio within public sector recommendations creating a more efficient, fit for purpose estate with reduced occupancy costs and improved workforce productivity. The need for collaboration to realise opportunities is now even greater as a consequence of the challenging targets imposed on authorities to reduce portfolio size and related costs.

There are currently 109 office buildings used as offices comprising over 207,000 sq m (NIA) of office space. Based on an average occupancy rate of 10sqm/FTE, this area of offices has the potential to accommodate 20,700 FTEs.

The total number of office based staff across Essex is not currently known. However, if the potential demand for space is assumed to be, for example, 12,000 FTEs (which also takes account of the ongoing restructuring programmes) then the office portfolio could be reduced by circa. 40%: **releasing over £80m of assets* and a gross revenue saving in excess of £6m p.a.**

*This assumes that the portfolio is valued at current market value.



Energy management – participating authorities have committed to work together to secure better energy management across the County. This will include sharing best practice, data and performance monitoring.

Skills sharing – to share capacity and capability across the Essex authorities to avoid unnecessary procurement of third party services and optimise the use of in-house skills.

Leisure Assets – Across Essex there is a range of ownership and management arrangements for leisure assets, including in-house, outsourced and transfer to a leisure trust. In the light of ongoing spending pressures authorities are interested in examining the case for a vehicle to own and/or manage leisure assets in Essex. Improvement East has commissioned a “Guide to Alternative Leisure Management Models” which will be available in January 2011.

Community Assets – Authorities are interested in examining with the Development Trusts Association (DTA) the feasibility of transferring a range of assets that may be of value to the community to a special purpose vehicle for onward transfer to community groups when they are willing and able to accept them. DTA is working with them on the detailed feasibility.

Section 106 and planning gain – participating authorities in Essex will work together to have a common approach to S.106 and planning gain agreements made by their authorities. It was felt that more could be gained collectively in Essex if authorities worked together more effectively, especially in the light of new forms of developer contributions being considered by the Government.

Improvement East Asset Management User-Area – Improvement East currently host a web platform for information and ideas sharing. A new community has been opened for all of the IE AMP participants to share information, ask questions, and hold discussions. This will be an important part of the programme’s legacy arrangements.

e-PIMS – e-PIMS is an information system developed by the Government Property Unit which can be used as a single point of data storage and help map and view public sector assets in an area. A number of Essex authorities have decided to use e-PIMS as a tool for mapping their assets in order to facilitate rationalisation across their estates and the application is available to all authorities.

Benefits of the Collaborative Opportunities

The benefits that could accrue from delivering the short-listed collaborative opportunities include:

- Repeatable annual cost savings by reducing the overall public sector estate and leveraging specific categories of spend, such as FM;
- Capital receipts that provide an opportunity to reinvest in the estate;
- Improved environmental performance and enhanced reputation in the region;
- Increased sustainability, from addressing backlog maintenance, reducing energy consumption and developing and retaining P&FM-related skills across the public sector community in Essex;
- Adoption of leading practice in P&FM;
- Sharing knowledge and expertise across the authorities within the Essex region and potentially across East of England; and
- Supporting the Big Society agenda and empowering communities to take a greater role in the shaping and delivery of services in their respective communities.

The table shows how the collaborative opportunities address these criteria.

	Annual savings	Capital Receipts	Sustainability	Develop Leading Practice	Share Knowledge	Localism
Collaborative FM	✓		✓	✓		
Asset Rationalisation	✓	✓	✓	✓	✓	✓
Energy management	✓		✓	✓	✓	
Skills sharing	✓		✓		✓	
Leisure assets	✓		✓	✓		✓
Community assets	✓	✓				✓
Section 106			✓	✓	✓	✓
IEAMP User Area				✓	✓	
e-PIMS				✓	✓	

Financial benefits

A summary of the financial benefits for those opportunities that it has been possible to quantify and estimate savings for over a 10 year period are included in the table below. The assumptions used to determine financial savings are set out in the strategic outline cases provided in Appendix 1.

	Annual Revenue Saving (£m)	Capital Receipts (£m)	Total Saving over 10 years (£m)
Collaborative FM ¹²	0.48	N/A	4.8
Asset Rationalisation	6.18	112.5	174.3
Energy management	1.37	N/A	13.7
Skills sharing	0.60	N/A	5.1
TOTALS	8.63	112.5	197.9

For a number of strategic outline cases a 'qualitative only'¹³ assessment has been undertaken at this stage.

Implementation challenges

Much good, collaborative work has already begun in Essex and the opportunities for colleagues to meet and share ideas throughout the project built on this promising start. The participants at the final workshop demonstrated real enthusiasm and determination to work hard to deliver the initiatives. However, our work with Essex authorities has shown that little of this is easy. There will be real and perceived barriers that could block achievement of the programme's objectives. Going forward it must therefore address these head on in order to maximise success.

Political will

Some of the ideas proposed to help deliver better value from public sector assets by sharing will challenge some Members, because of what could be a perceived reduction in sovereignty and control over assets. However, all of the proposals can be implemented while retaining a

¹² This is the incremental benefit to other Essex authorities from calling-off a specific scope and standard of service relevant to its own needs under a Framework Agreement. The net benefits to Essex County Council are not included in this strategic outline case but are believed to be in the order of £2 to £3 million per annum.

¹³ S106, Community Assets, Model Shared Office, Web Platform, e-PIMS

strong brand and identity for each organisation and attention must be given to this early in the planning process. As the Localism agenda develops devolution of control over assets down to a more local level is likely to progress and the initiatives provide opportunity for this to be tested.

Finance

Some of the more ambitious initiatives will require not only pooling of assets but pooling of budgets and a mechanism to allocate financial costs and benefits amongst participants. Detailed business cases must demonstrate the financial implications for each participant.

People

The current climate is extremely challenging because of the reductions in headcount that are being delivered and potential moves to new service models. The people implications of initiatives must be addressed at detailed business case stage in order to assess their deliverability and this should be used as part of the non-financial evaluation.

IT

Incompatible IT systems can restrict organisations' ability to co-locate and rationalise the estate. The development of the model office specification will provide a template for working together, and the costs of implementing this model must be accounted for in the detailed business cases.

Data

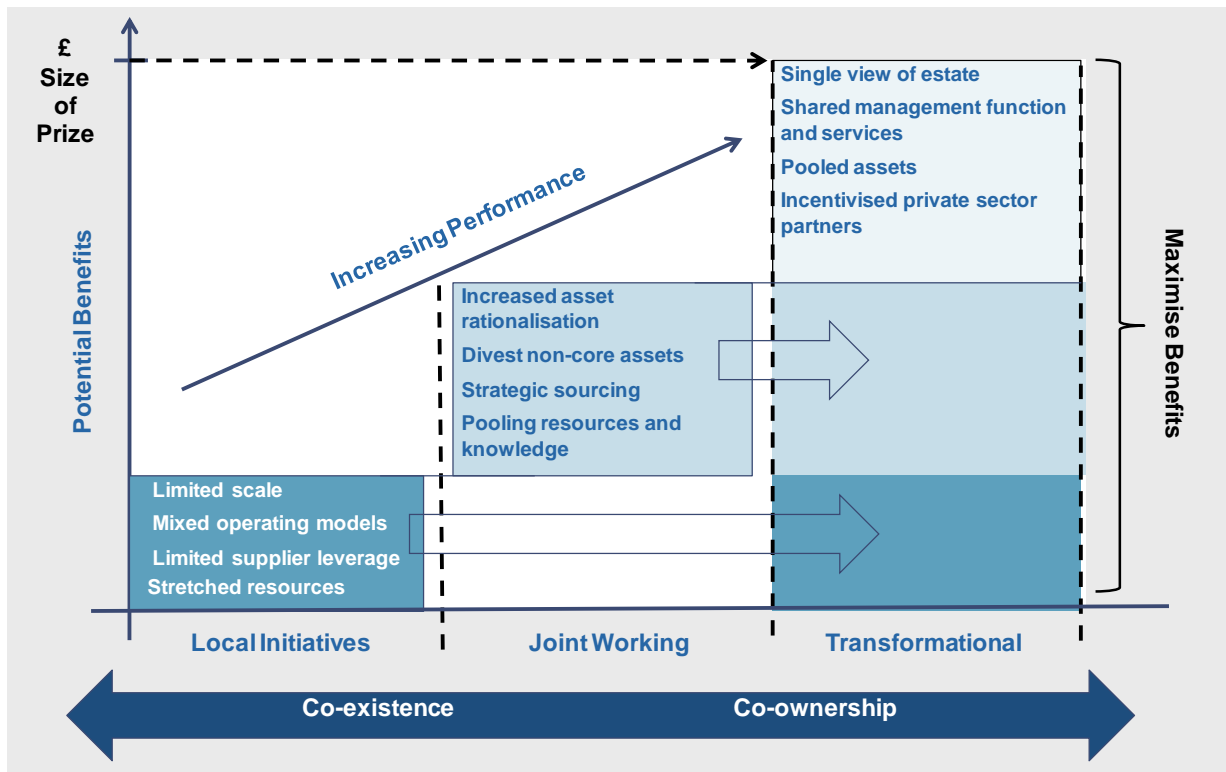
The data collection phase of the project demonstrated the challenges for authorities in having accurate and up to date information on which to base important decisions about future estate strategies. The data collected will be shared with all authorities on the web portal, subject to any requirements for confidentiality, and can be developed going forward. The adoption of e-PIMS by some or all of the authorities will provide an excellent platform for data sharing across Essex.

Conclusions

The work to date has significantly increased the level and appetite for further interaction and collaboration between Essex authorities. The initiatives will benefit from being delivered as a programme, and the proposed infrastructure for this is described in Section 7.

The diagram shows that the highly beneficial initiatives adopted by participants provide some of the tools and solutions needed to share and rationalise property and processes, **BUT** they leave in place serious constraints to efficient occupation and operation of buildings, not least the seventeen separate management, planning and decision-making structures.

Figure 5.4 – Releasing the total benefit opportunity



The conclusion is that releasing the full financial savings potential from property whilst protecting service provision requires consideration of alternative property holding and management structures. These pool assets and could help to raise significant savings from aggregating spend, sharing properties and leveraging development opportunities. These alternative arrangements are discussed in Section 6.

Case Study 4

Asset Review Programme – Essex County Council

The Council's desk-based challenge exercise to asset occupation identified scope to deliver a 28% saving against total property occupancy costs. A radical approach to service co-location and service redesign could deliver estimated savings of 34%. Savings comprise property revenue costs and capital receipts de-capitalised at 9%.



Summary

- Asset Review Programme required to find substantial revenue savings by facilitating asset sharing amongst those services performing compatible functions.
- Robust asset review exercise of approximately 1,100 assets undertaken by dedicated, multi-disciplinary team.
- A range of options to generate savings by reducing the Council's occupied footprint were explored. Key elements included:
 - Future office accommodation strategy;
 - Creation of multi-service hubs; and
 - The provision of specialist spaces for privileged access services within a consolidated operational portfolio.

6. ALTERNATIVE DELIVERY ARRANGEMENTS

Introduction

On their own the collaborative initiatives currently being embraced by the Essex authorities fall short of releasing the potential savings opportunity.

The most significant source of financial and wider benefit is from utilising more effectively the properties owned by the public sector in Essex, for example sharing office space, co-locating depots, joining up physical customer access points, and providing multiple services from a single building. Another key area of saving is through aggregating spend and cutting duplication in property service delivery.

The highly beneficial initiatives adopted by the participants provide some of the tools and solutions needed to share and rationalise property, but leave in place other barriers to efficient occupation of property, not least the seventeen separate management, planning and decision-making structures.

So how can the full potential benefit opportunity be released?

This section is predicated on the argument that without fundamentally changing the way property is planned, managed and operated across the local public service bodies, the full potential savings from aggregating spend and sharing properties and processes are unlikely to materialise. Consideration of alternative delivery structures is required, which relieve individual bodies of some aspects of control over the planning and day to day operation of buildings.

The scope to secure significant benefits will be limited without new arrangements that pool assets and provide centres of excellence that strategically re-plan the estate, potentially bringing in private sector partners incentivised to drive out waste and invest in value enhancing physical projects.

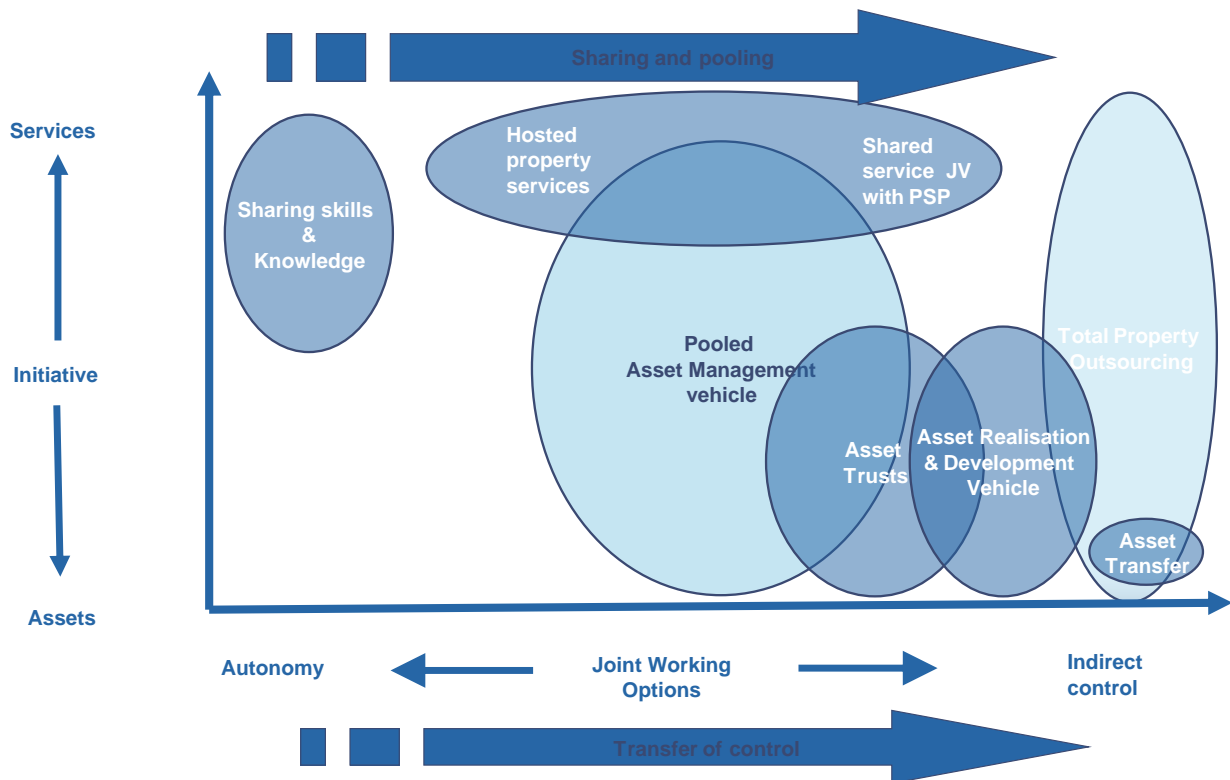
The acceptability of all alternative delivery models will rest on striking a balance between the benefits of aggregation and the loss of control.

The diagram shows a range of delivery initiatives a number of which are mutually compatible. The initiatives at the top of the diagram are service based, involving the provision of property and FM services, expertise and knowledge. The lower part of the diagram refers to initiatives that involve changes to the way in which property assets are held or owned. Some initiatives encompass both property assets and services.

Moving from left to right in the diagram, the solutions are more likely to exhibit the following characteristics:

- A pooling of assets and resources;
- A ceding of control away from discrete local bodies to a collectively owned local body and, at the extreme right, a loss of control through asset disposal or outsourcing;
- Contractual relationships and legal or quasi-legal structures;
- Commercial transactions and tax implications;
- Funding from sources external to individual local public bodies; and
- Private sector involvement.

Figure 6.1 – Delivery options



The opportunities in the diagram represent points on a range and provide a starting point for the proposed Alliance to enter into a conversation which will shape the structures that best fit local needs. A number of these collaborative solutions are already being actively developed by participants and are described in Section 5 and the appendices. Their fit within the framework of collaborative opportunities is summarised below.

Sharing skills and knowledge – this initiative to share skills and resources requires coordination, a web-based application for managing the transaction and agreements for booking resource and compensating provider organisations.

It involves cooperation without individual bodies losing control of their resources. There are legal issues, for example, around indemnity but it does not involve contractually trading services. Benefits come from improved portfolio management, greater productivity and a reduction in purchasing services from the private sector.

Pooled property services – this involves property and FM staff in participating local public bodies coming under a single management structure which is hosted by a local public body. The host would have ‘devolved authority’ for the management structure to operate the service. The scope of services hosted could be narrow or broad and there are options for the employment status of staff.

The host will provide services with the use of SLAs as every local public body’s property service needs are slightly different. Benefits arise from reducing duplication and adopting standardised leading practices.

Shared Services Vehicle – in the diagram this is to the right and an extension of the ‘pooled property service’ because it puts property and FM activity at arms-length so it is self-directed. The services are advisory (e.g. feasibility studies) professional technical (e.g. landlord and tenant management) and operational (e.g. management of cleaning). It entails setting up a distinct corporate entity possibly with joint governance (for example, a ‘Joint Committee’ model could be applied with all participants being equal partners). Reflecting the arms-length relationship there will need to be appropriate commercial terms. It could

involve the private sector (beyond a specialist supply chain) either as a partner or outsourced provider. Efficiencies are generated from a commercial approach to management and economies of aggregation.

The current collaborative FM procurement initiative will provide a set of shared outsourced relationships and could provide the basis for a common thin intelligent client.

Pooled Asset Management Vehicle – this transfers responsibility for planning and managing the participants' operational assets to an arms-length organisation and allows management to take decisions that maximise overall value from the portfolio. It could work either as an advisory function, through to a commercial decision-making model operating on the following principles:

- Unified management of the portfolio (with actual ownership and legal responsibilities remaining with the owners);
- "Management" makes decisions on how best to reconfigure and occupy the portfolio to meet service requirements and maximise sales;
- Commercial arrangements for occupying another entity's assets and incentivising efficient occupation;
- Contracts with a shared services vehicle for property and FM services;
- Participants taking a shareholding based on the value of assets on entry and any subsequent investment; and
- Participating entities having an equal vote.

Adopting the above asset management arrangements will greatly facilitate the prospects of Essex releasing its full potential savings opportunity. It will encourage:

- Planning across a pooled portfolio, which will increase the strategic choices and the likelihood of finding initiatives that reduce floor area, co-locate services and release savings.
- Individual organisations to use and occupy property in the longer term interest of 'public sector Essex', which from time to time may require relegating local issues below that of the collective interest.

Asset Trusts – this involves creating an arms-length entity in which specific type(s) of assets are held. The participating organisations in this study identified community assets (such as sports pavilions, community halls and scout huts) and leisure facilities as the two asset classes that would most benefit from being transferred into new collective vehicles. Commercial or social value would be driven through a specialist management team, the beneficial tax treatment, access to specialist expertise and by attracting new funding, for example from social investors. The board of directors would be responsible for disposal decisions and, in the case of community assets, decisions to potentially transfer properties to community groups. These specialist trusts are mutually compatible with the vehicle which collectively manages the operational portfolio (see above). The disbenefit of creating separating entities and reducing the pool of assets from which to collectively plan across, will need to be assessed.

Asset Realisation and Development Vehicle – surplus properties would be transferred into a specialist asset realisation and development vehicle which is likely to be a joint venture with the private sector.

It is essentially a strategic property partnership between a local authority (LA) and a private sector partner (PSP). The vehicle would allow a local authority to enter into a long term partnership using a portfolio of assets combined with private sector equity and possibly EU funding to deliver future investment and maximise property values. The model could be structured as follows:

- The LA and a PSP form a joint venture vehicle to control and manage a portfolio of assets – these assets could include operationally surplus assets;

- The LA invests its assets into the Partnership, with the PSP matching the value of assets with cash and expertise;
- Other public funding sources are used to provide cash flow, if available;
- Asset value is enhanced with PSP cash to fund refurbishments, infrastructure and enabling works; and
- The vehicle is 'scalable' in order to involve other public sector partners (e.g. Universities, FE Colleges, PCTs).

This provides a flexible approach to finding a “middle ground” whereby the public sector can realise asset value in the short term whilst benefiting from enhanced value in the long term as a result of investment and market uplift. The Place has greater control of its assets and can better co-ordinate the wider regeneration strategy as well as avoiding a “fire sale” of public sector assets at the bottom of the market.

Total Property Outsourcing – this represents the end of the spectrum and entails the private sector owning and providing fully serviced facilities to Essex public sector. Control over the management and operation of the property is transferred, the portfolio is privately financed and a commercial pricing mechanism operates.

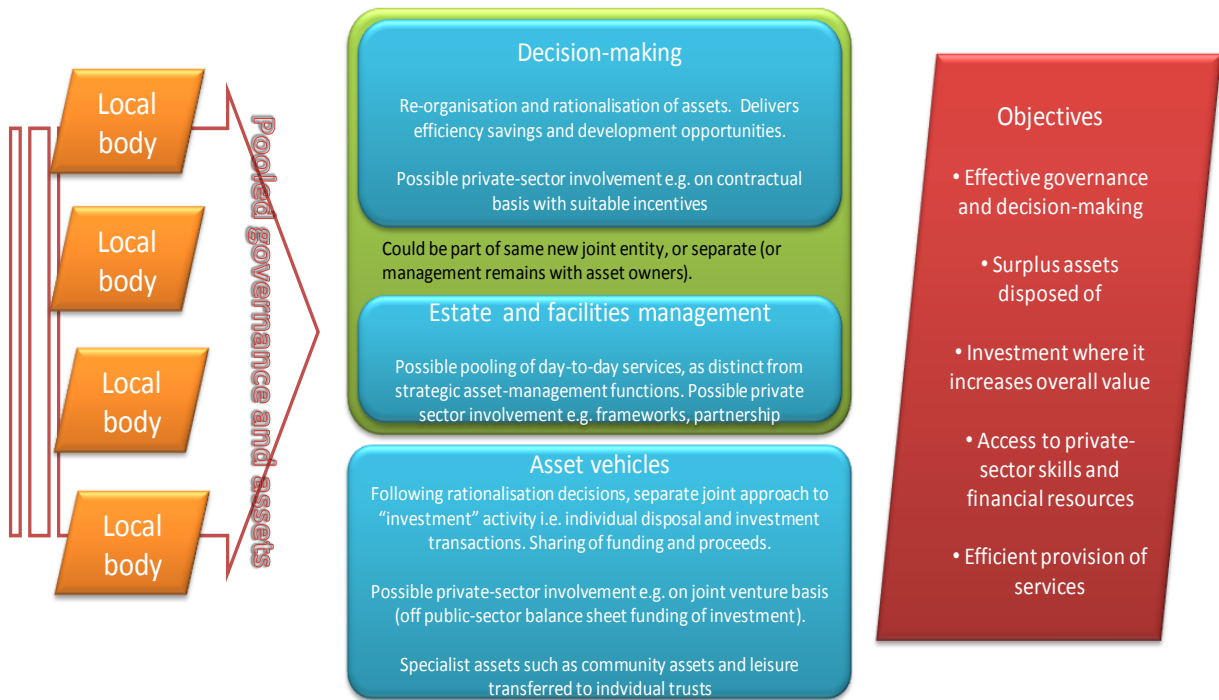
Conclusions

In conclusion, releasing the significant benefits potential requires more formal structures to be adopted than hitherto considered, which relieve individual bodies of some aspects of control or ownership and over the planning and day to day operation of buildings.

The diagram (figure 6.2) represents the key elements of a potential new model for managing public-sector assets across Essex. It is not intended as a technical structure diagram showing every ownership, investment and contractual relationship. It is anticipated that the details will be considered further in due course by the Alliance arrangements.

There are a number of key questions to be resolved, such as the relative strategic and economic significance of the various delivery options, for example the need for investment activity alongside asset disposals and implications for funding.

Figure 6.2 - Integrated asset management model



Essex faces a choice of focusing joint working around what are largely tactical opportunities and margins or relinquishing some local control and collectively re-planning the portfolio. Only by doing the latter will Essex citizens benefit from the full savings that can be released from property. In taking this forward, the first step will be to test whether local bodies will accept the principle of pooling assets and resources if it benefits the community. The next steps and actions are discussed in the following section.

7. Enabling the Programme

Introduction

Consideration of collectively pooling assets and management arrangements must not be allowed to slow down the momentum already generated through the good work of Essex authorities. The interactions that have taken place as a result of this study and the raised level of interest in working jointly, have spawned a series of shared initiatives that will deliver early wins, and an enthusiasm and determination to see them through to fruition.

The key issue to address in this section is how the momentum generated through this project can be sustained and extended so that the collaborative initiatives, and ideas yet to be identified (including consideration of alternative delivery vehicles) can be successfully delivered. The conclusion is that it requires establishing suitable governance arrangements and enabling infrastructure.

Establishing the Enabling Architecture

The momentum generated through the work of the participants will bear fruit only if a formal structure for coordinating and managing these initiatives is put in place. Without enabling governance and programme infrastructure the risk is that collaborative energy will be dissipated by locally concentrated behaviour.

Lessons from the West Midlands Property Alliance

The key lesson from a similar project in the West Midlands (where there were originally six participating authorities spread across the region) was that a guiding hand had to be established to pick up from where the project left off and drive the programme forward. This guiding hand has several defining features:

- Provides or identifies funding and pump priming support to detailed business case development;
- An Alliance Board oversees the continuing programme (this is a senior level Board chaired by the Chief Executive of Coventry City Council with participation from Improvement and Efficiency West Midlands, Government Property Unit, Local Partnerships and lead authorities e.g. Staffordshire, Coventry, Worcestershire, Birmingham); and
- A dedicated full time programme manager has been seconded into the programme (from Local Partnerships with support from Improvement and Efficiency West Midlands). Project management capability is provided by lead local authorities.

The West Midlands Property Alliance is now successfully co-ordinating a number of important projects across the region¹⁴. The Alliance is what the name suggests – it is a non corporate, non contractual partnership of the willing with all participating authorities retaining all normal legal rights and responsibilities.

To advance a programme of this nature, as a minimum, **direction** needs to be given, **funding** has to be provided, and **programme and project management** needs to be put in place.

¹⁴ Details of the work of the Alliance and its projects can be found on the Improvement and Efficiency West Midlands website. A copy of the report “The Way Forward: Transforming Local Government Property Asset Management” can be found on both that site and the Local Partnerships’ website).

Direction - the need for Bespoke Governance

Arguably the Improvement East Asset Management project is unique and different to the West Midlands Project in that it is based on one county within which there are already well established mechanisms for collaboration and oversight of collaborative projects. Therefore it would be possible to use these mechanisms and to treat this programme as another pan Essex project to be delivered. However there are some strong reasons for considering new, bespoke governance arrangements:

- First, this project was commissioned by Improvement East as the catalyst for sharing and driving asset management improvement across the whole of the East of England, with it complementing other important and ground breaking asset management work being undertaken in Cambridgeshire (e.g. Capital and Asset Pathfinder work), Suffolk (e.g. co-location opportunities) and elsewhere;
- Secondly, it represents an opportunity to work entirely differently across the public sector and to involve other public agencies such as health and government departments who have substantial property interests in Essex and across the East of England; and
- Thirdly, it is a way of giving focus and profile to asset management improvement and enlisting the support of national organisations like Local Partnerships that have a mission to drive best practice locally and share learning from across the country.

The ensuing programme will be of national significance because, like the West Midlands programme, it directly addresses the national imperatives of reducing cost and optimising value through collaborative local solutions. It is therefore important to ensure that central government and other agencies and parts of the country are aware of its work.

A scalable Alliance Board

Initially programmes of work arising from this project will be promoting asset management improvement within Essex so governance has to be balanced between ensuring local delivery, whilst looking for opportunities to share and scale up beyond Essex's borders. It is recommended therefore that an Alliance Board be established that represents the local and wider dimension.

The Alliance Board will need to be flexible to respond positively to developing circumstances. For example some of the initiatives identified will be examining radical new ways of managing and holding assets and looking at the benefits of property pooling and alternative ownership models (see below). These sorts of initiative clearly have major implications for the future governance of property across Essex if they come to fruition and any Alliance which is established would need to adjust to that. However such changes, if they occur, are likely to be mid to long term and the Alliance, as a voluntary collective, is a suitable first step and incubator of such ideas and does not preclude them.

Composition of the Alliance Board

The Improvement East Asset Management project to date has benefited from having a steering group chaired by Rob Tinlin, the Chief Executive of Southend on Sea Borough Council. A future Alliance has a very challenging brief and it is recommended that it is led by someone of similar calibre and authority and has a balanced and vigorous membership.

It is recommended that The Essex Alliance Board comprise:

- Chair – Local Authority Chief Executive
- Lead officers (to be determined) from County, District, Fire, Police and Health
- Improvement East (and successor body)

- Government Property Unit
- Property and Asset Management Subject Matter Experts (SME) e.g. Local Partnerships
- Programme manager (Secretary to Board)
- Private sector perspective.

Draft terms of reference are appended as Appendix 5.

Funding

The immediate issues for the Alliance are how to **pump prime and support future activity**. Realising the cash and qualitative benefits of this programme will require continuing commitment and some upfront funding. As a point of reference, a sum of £550k has been committed to a two year programme in the West Midlands¹⁵ by Improvement and Efficiency West Midlands. An element of this funding is being used to cover the costs of programme management, discussed further below. The remaining element serves two purposes:

- First, it acts as catalyst funding to incentivise collaboration on key areas of efficiency; and
- Secondly, it covers the costs of producing the detailed business cases that secure the requisite local authority funding for the more substantial, subsequent phases of each project.

The early costs are typically spent on external specialist support and project management resource. Overall according to recent progress reports Improvement and Efficiency West Midlands have calculated a return on investment of some 45:1 for funds supporting specific projects.

Programme and Project Management Arrangements

There are some [9] strategic outline cases detailed in this report. Some of these opportunities result from initiatives generated by particular authorities where a project manager can be readily identified (e.g. FM collaboration). Others have been generated through debate and discussion during the course of the project by the project team (e.g. pooling management arrangements) and will need to be developed further to project initiation stage within a working group.

It is recommended that a programme manager be appointed to drive that process, coordinate and support the activity of individual authority project managers, and broker new initiatives which have yet to be owned by individual authorities. A programme manager may potentially be made available from within the pool of talent of Essex authorities, thereby saving a cost of approx. £60,000 salary plus on costs. There will also be a need for secretarial support provided locally. A draft job description for a programme manager is appended as Appendix 6.

Challenges and Constraints

The key challenge is convincing stakeholders that it is worth investing in this programme so as to realise significant benefits and savings over time. In the West Midlands the principal on-going funding support has come from the RIEP with a smaller contribution made available from Local Partnerships. With changes taking place nationally affecting all RIEPs it is not yet clear to what extent Improvement East will be able to offer any on-going support, or through what mechanism. Hence there is an overriding and urgent need for the project Steering Group to consider potential funding stakeholders and canvass their support.

¹⁵ The West Midlands project encompasses 14 upper tier and 19 lower tier authorities.

Conclusion

The consequence of not instituting new governance arrangements to drive this programme is likely to be a return to the *status quo ante* world where individual authorities were ambitious but largely pursuing improvement opportunities on a singular, non collaborative basis and where collaborative initiatives were launched there was some suspicion and distrust as to motives.

This project has demonstrated that, contrary to this custom and practice, there is an excellent opportunity to work far more imaginatively and collectively utilising and harnessing the tremendous experience and underlying goodwill that exists across the county for the benefit of all. The enabling architecture suggested above is a way of ensuring that the investment of time and effort made by all participants is translated into a real programme of action that puts Essex and the East of England in the vanguard of authorities leading asset management improvement nationally.

The next section outlines the Next Steps for this project.

8. NEXT STEPS

The focus of the project moving forward is to harness the momentum gained to date across the participating Essex authorities and provide the framework and direction required to ensure the benefits identified from the IE AMP are delivered.

Specific actions to be progressed by the Steering Group include:

1. **Approval.** The Steering Group is requested to approve this report or advise on any actions required prior to approval.
2. **Communication to Essex Chief Executives.** Business as usual is a major threat to the delivery of these opportunities and the ongoing commitment and support to this programme by the participating authorities will be required to ensure progress is made.
3. **Agree key messages to be shared with the trade press following completion of this phase of the project.** The project has attracted media attention and there is an opportunity to share the progress made to date and benefits identified from these opportunities.
4. **Agree nature of PCTs participation in the programme.** The PCTs have made a positive contribution to specific parts of this first phase and have expressed a desire to become full participants, including undertaking a data and gap analysis.
5. **Nominate and confirm lead authorities for each initiative.** The prospective lead authorities for each opportunity should confirm that they will take the specific actions identified in each respective strategic outline case forward and be accountable to the proposed Alliance Board for progress against plan. Each opportunity requires commitment and leadership. The individuals that have volunteered to lead an opportunity need to be provided with the support and governance required to ensure success.
6. **To agree the format and structure of the Alliance Board and take responsibility for the delivery of the Alliance Board on behalf of Improvement East.** Successful projects are dependent on appropriate governance and effective decision making. The successor to the IE AMP will also require a framework of support and direction to take the programme forward.
7. **To establish potential sources of funding for the next stage of this programme of work.** Agree priorities for potential funding to support delivery of the benefits. It is evident that resources are constrained in respective authorities and in order to accelerate the delivery of the benefits, further funding and resources will need to be committed to take the programme forward.
8. **To appoint a programme manager.** The programme manager will be essential to driving forward the identified initiatives and bringing on stream new initiatives.
9. **Consider a framework with a partner organisation(s).** Partner organisations from the public and private sector have a potentially significant role in delivering the programme.

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