

MASTERCLASS

IMPROVING THE USE OF ASSETS AND RESOURCES

Colin Mair & Walter Foster

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| 10.15 – 10.45: | Introduction: Resources and resource management |
| 10.45 – 11.00: | Discussions: Experiences and issues |
| 11.00 – 11.45: | Overview of key elements |
| 11.45 – 12.30: | Small group discussion: The members role in asset management |
| 12.30 – 1.15: | LUNCH |
| 1.15 – 1.30: | Feedback |
| 1.30 – 2.00: | Opportunities for improvement |
| 2.00 – 2.45: | Supporting elected members to drive improvement |
| 2.45 – 3.00: | Summing up and conclusions |

MASTERCLASS – GROUP WORK

IMPROVING THE USE OF ASSETS AND RESOURCES

- How involved are Elected Members in the councils property asset management? What type and level of involvement? (e.g. investment/disinvestment decision; scrutiny of performance; local issue relating to property utilisation, etc.)
- Do you have the right information in the right format to support you in decision making and scrutiny around the councils property assets?
- If you could change 3 things about the way the councils property assets are currently managed, what would you change?

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Masterclass: Improving the Use of Assets and Resources

Introduction

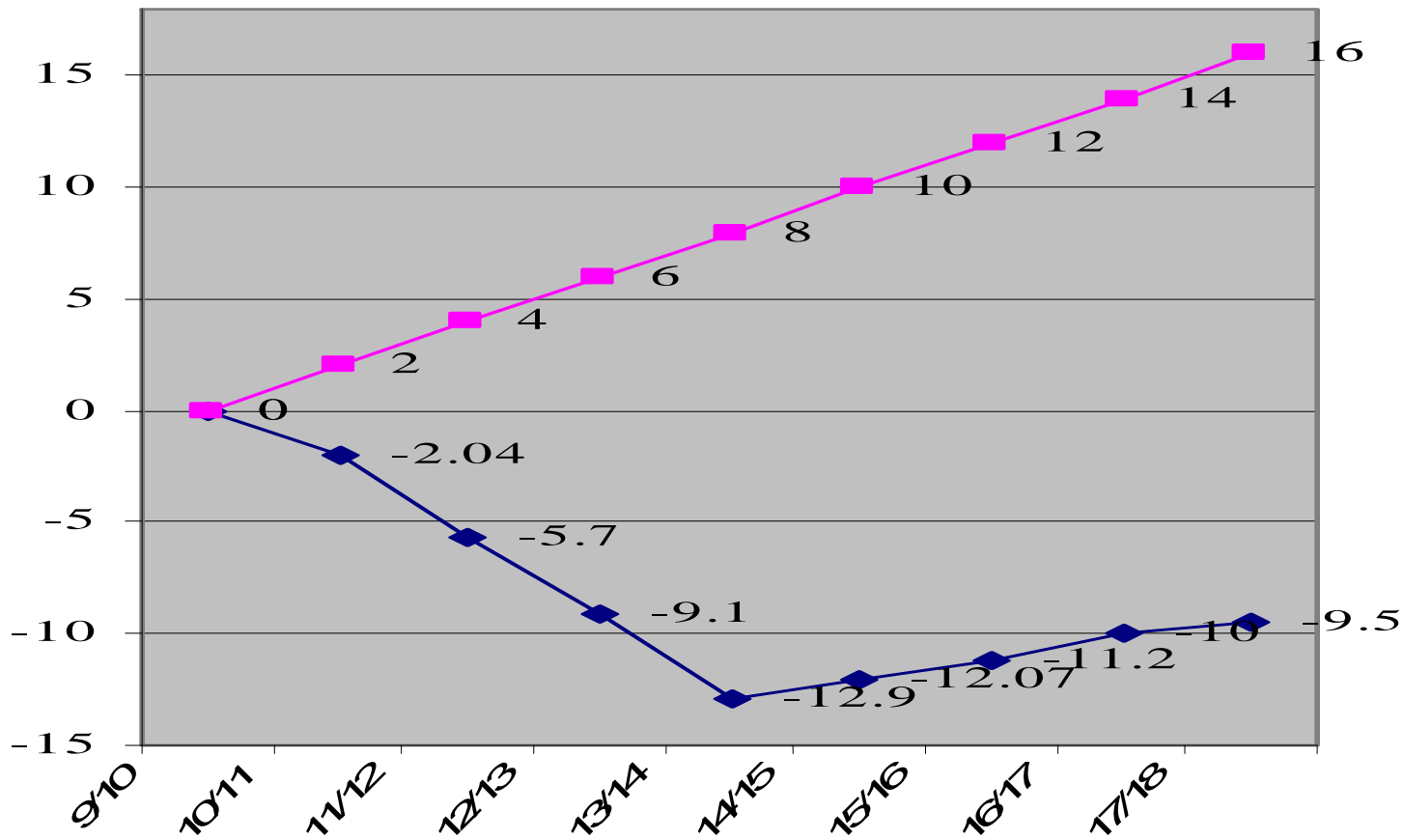
Colin Mair, CEO, Improvement Service

Starting Points

- 12+% real reduction 2011/12 – 2013/14
- Capital programme may decline by 50%: Prudential borrowing
- Long term pressures: Demand and finance
- The scale of spend on negative outcomes (NCPG)
- Improving efficiency and ‘best value’ against outcomes

‘Doing the right thing’ and ‘doing the thing right’

Scottish Block Finance & Demand 2009/10 – 2017/18 (% real terms)



Pressures

- Focus on finance, budgeting, etc not real resources
- Resources can be used more or less productively (e.g. occupancy or utilisation rate of buildings)
- Resource mix can be more or less productive (e.g. property, people and technology)
- Resources have an ‘opportunity cost’ as well as a direct cost (e.g. property maintenance and ‘sunk value’)
- We will need to focus on getting the maximum value out of resources

Key Resources

- Staff
- Information
- Physical assets (property, roads, etc)
- Equipment
- Community and service user capacity
- Reputation and image
- Finance but because it allows real resources

Points

- All interact: e.g. property; ‘fitness for purpose’; staffing requirements
- Key concept is ‘resource mix’
- Key task is ‘best use of resources’ to achieve outcomes
- Resource management assumes ‘resource mix’ can be reviewed

Two Examples: (1) Care Assessment

- Office based: Go to clients; do assessment; return to office; enter information; go to next client
- Mobile working: Go to client; input assessment directly; go to next client
- Reduced property requirements; admin/reception costs; unproductive time; assessment/delivery time

(2) Corporate Services (policy, research)

- Office based: (often prime site); fixed desk (room allocation); support infrastructure; attendance (e.g. swine flu)
- Home working: I.T. cost; 'hot-desking'; improved performance management; flexibility to staff life issues
- Reduced property requirements; reduced support costs; retention of staff but....

Assets Are....

- Real resources that are not consumables
- That have longer range benefit flows
- That have a defined useful life: e.g. 3; 5;65 years
- That we pay for over time because we get benefit over time
- That become defunct; obsolescent, etc

Domestic Example

- Food; entertainment, etc: Pay out of current income
- Housing; cars; household equipment: Borrow and pay over time

Payment period = Useful life

Public Assets

- Infrastructure: Roads; bridges; rail infrastructure, etc
- Land and property: Operational; non-operational and housing
- Plant and equipment: Bin lorries; I.T. systems; gritters, etc
- Biggest assets are property and roads

Discussion Questions

- Which 'real' resources do you feel best informed about as an elected member? (property and land; staff; plant and equipment, etc)
- Do you get regular information on the performance and productivity of the councils resources? (what sort of information; from where; how good in comparison to financial information)
- How highly do assets and real resources feature in your case loads?

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Asset Management: Overview of Key Elements

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Where Does Property Asset Management Fit In?

- The major resource along with staff
- £20 billion across Scotland (excluding housing): Major revenue commitment
- Critical factor in service access and integration
- Critical factor in sense of place
- A key governance responsibility

Key Distinctions

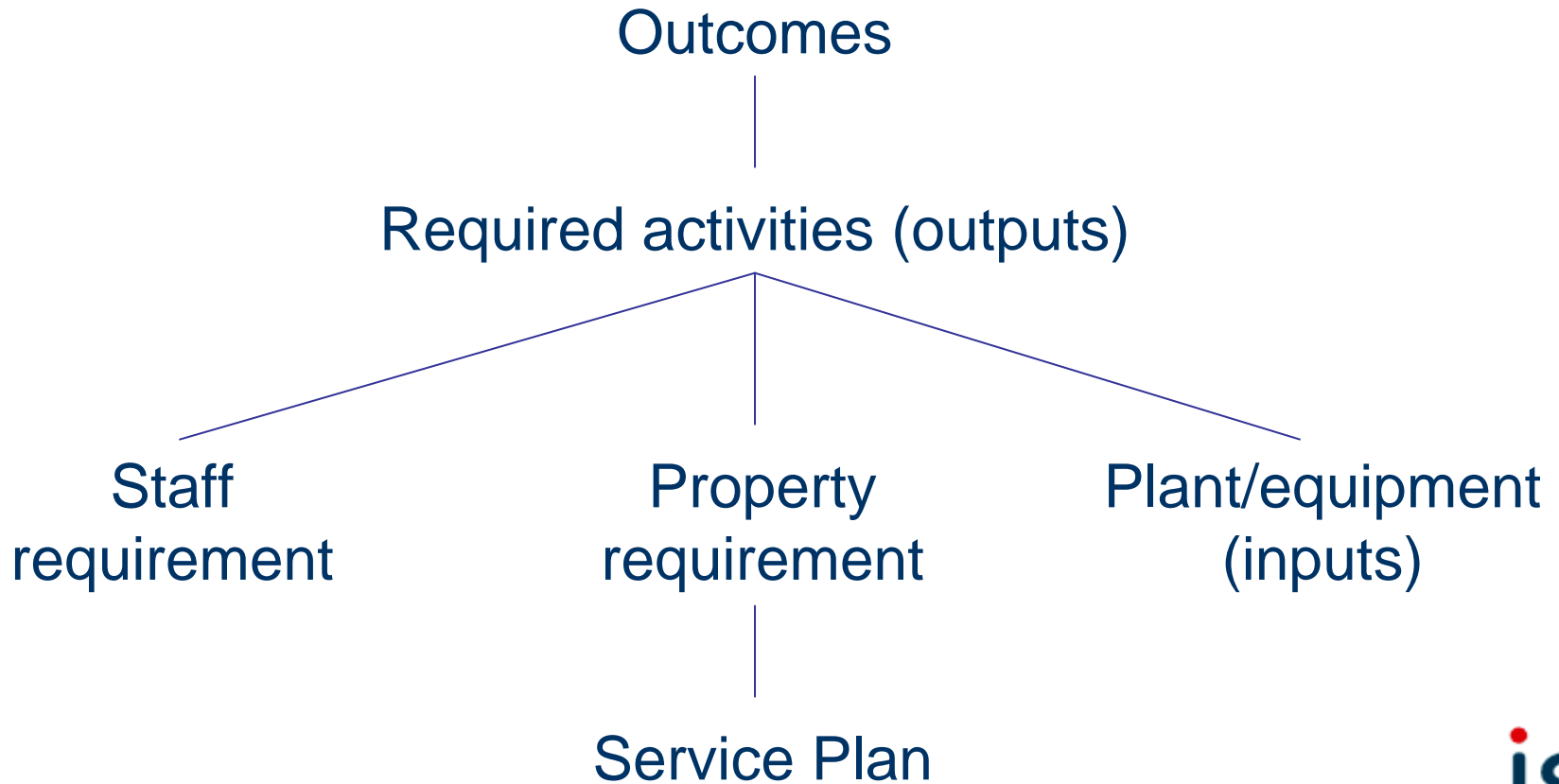
- Operational and non-operational property
- 'Surplus' property
- Investment portfolio: Land and property
- Financial and social rate of return

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So....What Is It?

- Physical resourcing of corporate and service outcomes
- Delivering value: Public and financial
- Minimising cost and opportunity cost
- Sustainability and affordability over time

Linking to Service Planning



Key Ideas

- ‘Suitability’: Are assets ‘fit for purpose’ in their current use? (e.g. schools; libraries, etc)
- ‘Occupancy/utilisation’: Is their capacity fully exploited in their current use? (standards and benchmarks)
- ‘Whole life cost’: If we retain this asset, what spending will be necessary to keep it useful (condition; maintenance, etc).

Key Ideas

- ‘Social value’: Is the asset of particular historic, cultural or community importance
- Realisable market value: If the asset was marketed, what would it fetch? (As is; upgraded; parcelled; planning conditions, etc)
- ‘Opportunity cost’: Value forecast and ongoing cost of the asset

Elements

- Clarity about corporate and service property requirements: Present and future
- Review of existing portfolio in that context
- Investment plan to create and maintain the required capacity
- Effective delivery system
- Empowered asset management function

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Opportunities for Improvement

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IS/Audit Scotland Findings

- Poor and/or out of date information on assets
- Poorly configured to support strategy: WLC; suitability; capacity; utilisation and market value
- Limited portfolio review at corporate, area or service level
- Asset planning, service planning and financial planning fragmented
- Partnership around assets limited

Executive Leadership

- CEO and management team executive leadership
- Initial portfolio review against corporate and service requirements: Council financial plan
- Long term costed plan: Investment; dis-investment and maintenance
- Life costing disciplines: Retain = maintain
- Supported by resourced and empowered asset management function

Review of Asset Management Capacity

- Integration of data and analysis to support D.M. and scrutiny
- Advice and planning support for corporate decision makers
- Business partner support for services
- Innovation new options for property requirements
- Challenge business requirements → property requirements → costs

Good Core Information Necessary

- Condition and life cost
- Suitability/fitness for purpose
- Capacity and capacity utilisation
- Community/cultural value
- Realisable market value
-Possible traffic light system

Corporate Governance

- Costed plan approved by council
- Annual delivery and performance targets approved by council
- Annual report on performance to council
- Targets should include value maximisation (community and financial)

Short-Term Improvements

- Hard focus on 'surplus': 'Immediate' and 'phased' disposal; joint venture
- Hard focus on 'investment' portfolio: Rationale, benchmarks and opportunity cost: (Yield; growth)
- Drive on capacity utilisation: Charge out; area review; accommodation registers; sharing with partners
- Building property expertise into business change and efficiency initiatives

Key Opportunities

- Portfolio analysis with partners: 'Total Place'
 - Area by area analysis
- Core information and benchmarking: Decision and scrutiny support
- 'Joint venture' with private sector
- Community asset management
- 'DIY' capital programme: Transition funding

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**Supporting Elected Members
to Drive Improvement**

Walter Foster

What Do We Need to Know?

Key Elements?

- Efficient Utilisation
- Suitability
- Condition
- Energy and the Environment
- Essential Maintenance
- Legal Requirements

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Where Is This Information?

Either

- Imported from your existing asset data sets

And/or

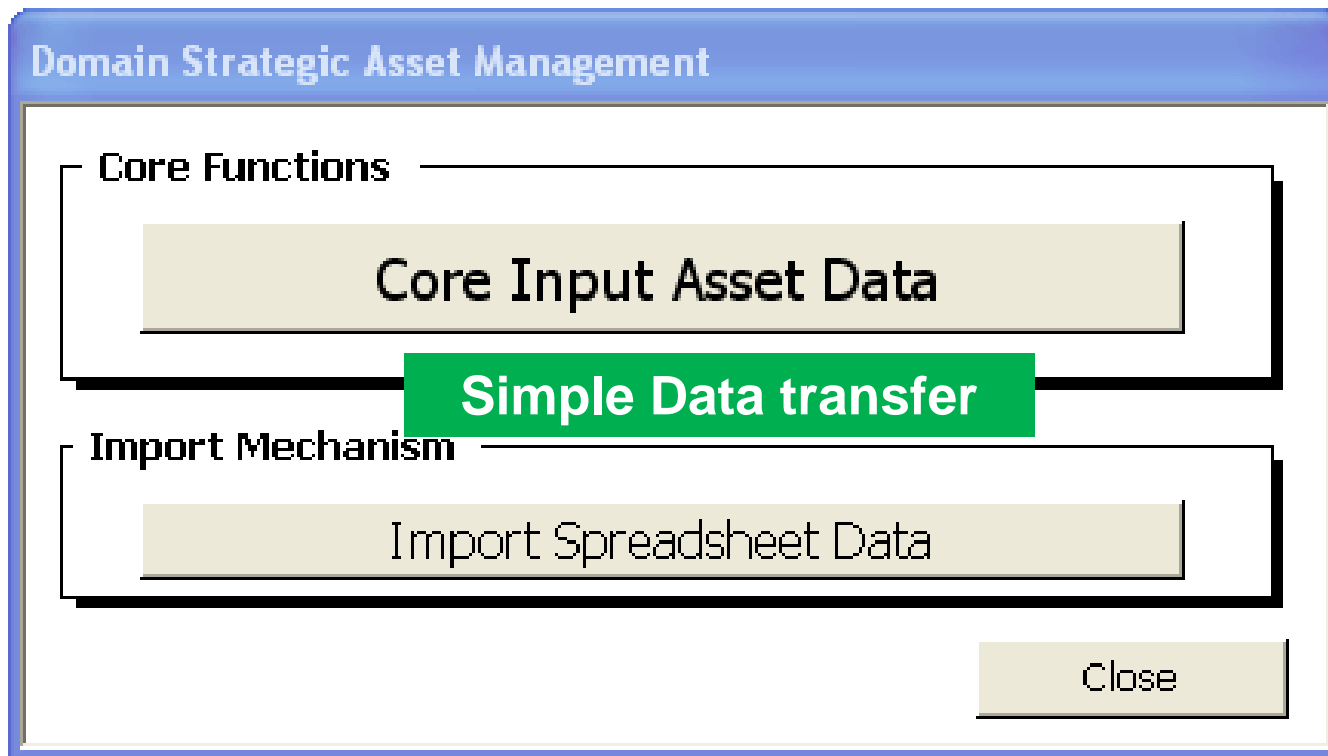
- Computed inputs based on regional values
- You have full control over information input and output

Summary data

Screen 2

Gross data	Operational Properties	Non-Operational Properties	Leased Properties	Housing Properties	Land
Market Value	123,123,123	12,312,312	(8,123,123) <small>Annual Cost</small>	123,123,123	123,123,123
*Maximum Market Equity	231,231,231	23,123,123	(22,331,331) <small>Capital Replacement Cost</small>	231,231,231	500,000,000
Number of Buildings	486	62	135	8650	242 areas
Total Area – m2	142,124	32,232	45,231	164,231	250,000Ha
Value of Underutilised Area (MME*)	12,422,000	1,452,321	(3,231,213) <small>Annual Cost</small>	250,231	61,231,000
Condition backlog	24,232,212	2,564,987	2,121,121	36,231,231	123,123
Essential Repairs backlog	18,632,632	1,123,123	800,264	12,321,321	60,231
Upgrading Suitability	4,632,125	463,658	599,652	22,654,654	-
Possible Energy Savings	466,321 pa	26.323 <small>Mainly Leased out</small>	63,021	42,211	2,236
Legal Compliance Costs	654,231	262,474	123,231	123,123	3,654

Transferring data



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Domain Asset Management Database

Close

Property Name **Bigtown** Search for Defined Group Search for Property

Property Details Regions/Floors

Division

Property Code: UPRN_ID

Owner
Property Address
Postcode
GeoCode

Values

Aggregated Market Value	£1,417,085.00
Replacement Value	£2,500,000.00
Rateable Value	£47,542.00

Direct inputting

Car Parking Spaces

- Is the site surplus
- Is the property in joint use?

Joint Use Details

Who is the Property in joint use with:
Percentage of Floor Space:
Are Costs Shared? % of Costs

Costs

Estate Management	£3,000.00
Estate Revenue	£9,500.00
Heat and Light	£3,000.00
Cleaning	£2,750.00
Grounds Maintenance	£1,000.00
Water and Sewerage	£2,500.00
Planned Maintenance	£0.00
Arising Repairs	£9,999.00

ImportFunctions : Form

SPECIAL FUNCTIONS

Import Condition Survey (Batch Load)

Import Condition Survey (Single Load)

Condition batches

Close

improvement service

improvement service

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Reports : Form

Decision System Outputs

Close

Efficient Utilisation: Energy and the Environment:

Efficient Utilisation

Portfolio Value Summary

Energy and the Environment

Running Cost Totals

Running Cost Per Employee

Running Cost Per Sq M

Suitability:

Suitability

Essential Maintenance:

Essential Maintenance

Condition:

Condition and Financial Planning

Detailed Report by Zone

Detailed Report by Element

Legal Requirements:

Legal Requirements

Asset Portfolio Benchmarks:

Asset Benchmarks

Customised Reporting

Drill down data

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Space Utilisation Report

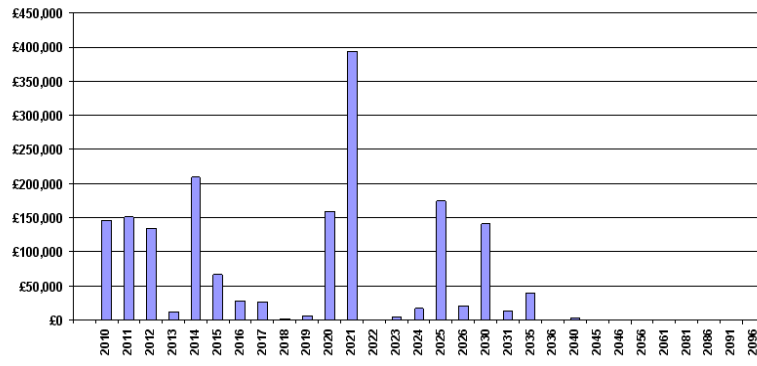
Property	Number of Occupants	Total Net Internal Area	Total Notional Standard Area	SqM of Space per Employee	% of Space Not In Use	Car Parking Spaces per Employee
Bigtown	77	658.17	632.17	8.55	3.95%	0.47
Central			1715.89	16.27	49.53%	0.33
Highfield			221.67	15.26	46.20%	0.19

Utilisation

Property Name	Excess Costs (Actual)	Excess Costs (Possible)
Bigtown	£39,705.88	£48,897.06
Central	£3,333.33	£8,055.56
Highfield	£11,250.00	£16,071.43
Littleham		£23,428.57
Lowvale		£34,285.71
Midhill	£8,000.00	£5,538.46
Newtown	£1,607.14	£11,817.23
Oldville	£4,736.84	£11,981.42
Smalltown	£36,666.67	£22,083.33
Whole Portfolio		

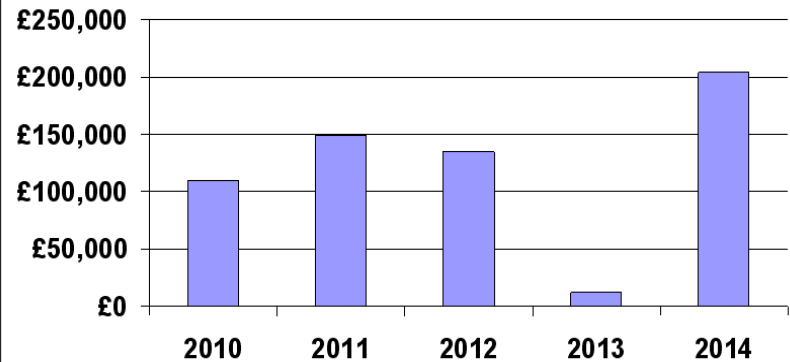
Energy and CRC

Aggregated Financial Plan



15 February 2010

5 Year Maintenance Plan



Planning Tools

Total Running Costs

Property	Estate Management	Annual Estate Revenue	Cleaning	Grounds Maintenance	Heat and Light	Water and Sewerage	Total
Bigtown	£3,000.00	£9,500.00	£2,750.00	£1,000.00	£3,000.00	£2,500.00	£21,750.00
Central	£15,000.00	£23,000.00	£3,500.00	£4,000.00	£6,800.00	£2,500.00	£54,800.00
Highfield	£1,000.00	£1,000.00	£1,000.00	£200.00	£1,000.00	£600.00	£4,800.00
Littleham	£300.00	£1,250.00	£600.00	£300.00	£450.00	£950.00	£3,850.00
Lowvale	£100.00	£695.00	£250.00	£50.00	£300.00	£50.00	£1,445.00
Midhill	£1,000.00	£5,350.00	£2,500.00	£3,000.00	£2,800.00	£1,750.00	£16,200.00
Newtown	£1,200.00	£3,000.00	£1,200.00	£600.00	£1,500.00	£1,500.00	£9,000.00
Oldville	£1,200.00	£1,675.00	£600.00	£400.00	£600.00	£2,000.00	£6,475.00
Smalltown	£750.00	£1,100.00	£1,500.00	£500.00	£1,300.00	£1,600.00	£6,750.00
Whole Portfolio	£23,550.00	£46,570.00	£13,900.00	£10,050.00	£17,550.00	£13,450.00	£125,070.00

Running Costs per Sq M

Property	Internal Area (sqm)	Estate Management	Annual Estate Revenue	Cleaning	Grounds Maintenance	Heat and Light	Water and Sewerage	Total
Bigtown	656.17	£4.56	£14.43	£4.18	£1.52	£4.56	£3.80	£33.05
Central	3399.83	£4.41	£6.77	£1.03	£1.18	£2.00	£0.74	£16.12
Highfield	412.02	£2.43	£2.43	£2.43	£0.49	£2.43	£1.46	£11.65
Littleham	41.87	£7.17	£29.85	£14.33	£7.17	£10.75	£22.69	£91.95
Lowvale	62.29	£1.61	£11.16	£4.01	£0.80	£4.82	£0.80	£23.20
Midhill	199.96	£5.00	£26.76	£12.50	£15.00	£13.00	£8.75	£81.02
Newtown	121.48	£9.88	£24.70	£9.88	£4.94	£12.35	£12.35	£74.09
Oldville	177.19	£6.77	£9.45	£3.39	£2.26	£3.39	£11.29	£36.54
Smalltown	135.02	£5.52	£8.09	£11.04	£3.68	£9.56	£11.77	£49.66
Whole Portfolio	5206.73	£4.52	£8.94	£2.67	£1.93	£3.37	£2.58	£24.01

DDA Report

Bigtown

Car Parking

	Answer	Cost	Date Required
1 Are marked disabled parking bays available at the building	N	£0.00	
2 If No, and car parking is available, how many bays are required	1	£0.00	
3 Is there a drop kerb from the car park to the pavement	N/A	£0.00	
4 If No, is one needed			
5 Are bays properly marked with signs			
6 Is lighting suitable	N	£0.00	

Legal Requirements

Main Doors - Public Entrance

	Answer	Cost	Date Required
1 Are there existing suitable ramps	N	£0.00	
2 If No, is one needed	Y	£0.00	
3 If Yes, is a temporary one available	N	£0.00	
4 Do the existing ramps require any alterations	N/A	£0.00	
5 Is red area available with ramp if required	N/A	£0.00	
6 Is a disabled chair hoist required	N/A	£0.00	

Continuous Improvement

- Future development of existing data sets and focussing on accurate up to date information
- Improve internal procedures by the questions raised by this Management Tool
- Utilise One Scotland agreement and integrate data geospatially to provide for breakdown by Region or Ward