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GLASGOW-09

PROFESSIONAL PAPERS FROM ACES – THE ASSOCIATION OF CHIEF ESTATES SURVEYORS & PROPERTY MANAGERS IN THE PUBLIC SECTOR



ASSET

PROFESSIONAL PAPERS FROM THE

ACES SPRING CONFERENCE

GLASGOW, MAY 2009



KELVINGROVE ART GALLERY AND MUSEUM
Glasgow
– venue of the ACES 2009 Spring Conference Dinner

ACES

The Association

ACES, the Association of Chief Estates Surveyors and Property Managers in the Public Sector, represents the chief estates and property management professionals in the public sector throughout the UK.

The Association was formed in 1986 with the amalgamation of two long-standing bodies, ALAVES, the Association of Local Authority Valuers and Estates Surveyors (founded in 1949), and CLAVA, the County Valuers and Land Agents Association (founded in 1908). Until 1995 the amalgamated Association operated under the name of LAVA, the Local Authority Valuers' Association.

Membership

Membership of ACES is open to the senior estates surveyors and property managers from each local authority or other public sector organisation.

Meetings

ACES has a very active branch structure with branches covering the whole of England, Scotland and Wales. There is also a Rural Branch for those members involved in rural property management or the work of County Councils.

Most of the work of the Association is carried on in the regular branch meetings held around the country. At a national level there are usually two professional conferences each year and an Annual Meeting. The occasional Study Days on major topics are also open to non-members of the Association.

Publications

ACES has a full programme of publications of professional interest to the public sector surveyor. The yearbook 'Per Annum' contains up-to-date contact information for all members.

'The Terrier' is the Association's regular journal and is published quarterly. Each year, there are also usually two editions of 'Asset' containing professional papers compiled from ACES conferences and dealing with the latest issues.

Government liaison

One of the primary roles of ACES is liaison with central government and this is carried out through a variety of means, both informal and formal, such as the DCLG/ACES Working Party and the Valuation Liaison Group.

Further information and website

Further information on the Association and on membership can be obtained from the ACES Secretary at the address on this page or by visiting the ACES website at www.aces.org.uk

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The Publication

This edition of ASSET is a compilation of edited transcripts of the verbal presentations, including overheads, given at the ACES Spring Conference in Glasgow in May 2009.

Some are formal briefing papers; others are more informal and conversational in style.

Use

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20/20 VISION. SETTING THE SCENE



COLIN MAIR

Chief Executive, Improvement Service

INTRODUCTION

My task is to set the scene for this series of papers from the ACES Conference held in Glasgow in May 2009. The theme of the Conference was 20/20 Vision.

Economic and Expenditure Pressures

We are moving into a period of acute economic pressures for Councils and their partners, particularly through the Single Outcome Agreement (SOA) process. Questions are also emerging about

- The role of public bodies in stimulating and supporting economic regeneration,
- Does the way asset management is currently practiced add or subtract value,
- In managing public assets, are there ways that we can more imaginatively engage with the local community to create opportunities and sustain employment?

Equally, hard economic times create future expenditure pressures on Councils and their partners. In Scotland we have been looking at a wide range of forecasts and without exaggerating I have to say that in 30 years of looking at Local Government in Scotland, and the UK, we are about to enter the most unrelentingly hard period that we have ever had. Our best case is that between now and 2013/14 you can expect a 7% real reduction in Council spend and thereafter, if we are very lucky, it flat lines miserably for about a decade. And at the same time we are facing acute demand pressures, connected with demography, so just when our resources are not moving in real terms, demand is rising rapidly.

There are intense pressures and real issues. The real question for surveyors is how to position asset management within that new and that changing context.

Access to Capital: Future Models

Within that there are also major issues about access to capital. One thing we can say without ambiguity is that “business as usual” will not be what will characterise the next 15 to 20 years of public life in Scotland. We must begin to think about the future models that will enable us to access the physical resources we need to support our services and the outcomes for communities and families. Some are evolving as we speak. There is a whole range of joint ventures and explorations under development in Scotland and a sort of total package model is beginning to emerge based on identifying a partner who will bring in the service, including the assets necessary for the service. This poses fundamental challenges about how we reorganise in-house around that and what future corporate governance will look like.

The Concordat: NPF and SOAs

In Scotland we enter this period of hard economic times more explicitly focused on outcomes than we have ever been. The Concordat is the partnership between local and national government. We have the National Performance Framework (NPF) and we have, in each one of 32 council areas, a signed Single Outcome Agreement, signed, that is, by councils and all the major statutory partners to the local area Community Plan.

These plans essentially focus on outcomes; for example, this is what we want to achieve for the people of an area in terms of wellbeing, health, and educational achievements. I suspect, as we move into this period of hard economic times, we have to start to think much more radically about the best options for actually delivering these outcomes. Also there will be a significant challenge for us in demonstrating that some of the ways we do business are defensible given the financial context and the outcomes we claim we want for the people of our area.

The big challenge for us all, starting with Parliament, is are you willing to think radically to improve the wellbeing of the consumer even if that is very challenging to the producers (ie all of us) of services in councils.

Over the last year or so a lot of work has been going on under the so-called National Diagnostic that is challenging councils to look at where resources go at the moment. A distinction is beginning to emerge between “services”, and how many FTEs are involved in delivering services to the public, and how many FTEs are involved elsewhere. How do we ensure that we have robust corporate governance at local level, both within our Councils and within our partnerships? How many people are employed to essentially fulfil business partner roles, and support core businesses by providing them, on a partnership basis, with HR services, asset services, financial services and so on.

The challenge for asset management is where does it fit into all of those categories? I think that, along with Planning, it is a core service to do with space, and place making, and the quality of environment in which people have to live, thrive, do business, live their lives, recreate and so on. Some asset management is about corporate governance. The recent Audit Scotland Report highlighted the lack of corporate governance around assets and the asset base. Some elements of asset management are also about business partnering. How do we support the core businesses of the council such as the care businesses and education businesses, to deliver better the outcomes they are tasked with on behalf of the Council and the partnership?

Surveyors need to begin to think much more explicitly about the skill sets needed to fulfil those roles and to consider whether all relevant skills are available in-house at the present moment.

Climate Change; Energy Efficiency; Carbon Commitment

The fifth and extremely important dimension here is climate change. This includes embracing agendas such as energy efficiency in buildings and our carbon commitment which will increasingly lead us to carbon accounting for our asset base in a much more explicit way. In Scotland, although there have been some spectacularly good individual performances, it is probably fair to say that we have not universally distinguished ourselves in bringing in Energy Performance Certificates (EPCs). In the near future it is essential that we get our “climate change” act together around what will be a major driving agenda for any future Government, of whatever political persuasion.

Audit Scotland Report and beyond: Strategy, Corporacy, Discipline

The final thing to note, by way of introduction, is the Audit Scotland Report. In some ways it is like our own report of about 2 years ago, the Improvement Service Report on Asset Management. Both are probably a little dated now but things have happened in the last year that would make one revisit many of the assumptions on which these reports are based. The core messages in the Audit Scotland Report are

- Are you strategic? The general, but not universal, answer is no.

- Are you corporate? The general, but not the universal, answer given is no.
- Do you have discipline around things like whole life planning and whole life costings? The general answer, with honourable exceptions, is no.

Therefore, focussing on the Report’s core messages, it is saying much less than positive things about our strategic and corporate leadership of an asset management agenda across 32 councils and partnerships in Scotland.

Possibilities

If that interpretation is right then the following are just a few possible options for us.

We need to look hard at **repositioning or reinventing asset management** as an essential core corporate discipline. This simply means that there has to be at the corporate level a significant amount of asset management skill, capacity and discipline.

We need to look incredibly hard at **sharing and partnering**. At the end of this month all the major public partners in each area of Scotland will have signed off both the outcomes all are mutually committed to, and the commitment that they are all responsible for all of the outcomes. It is not possible to sign up for one bit of it and dump the rest; if you sign you are signed up for the whole thing, for example Ministers have signed off on behalf of Scottish Government. Now we need to identify where asset management fits into these new arrangements. We have mutually agreed outcomes. Will we have mutually agreed asset management, and asset management at partnership level rather than at a level of the four public agencies? That will be challenging but it is an inevitable direction of travel as we go forward.

We will need to **rethink business models**. Asset management will face its future pressures like any other local public service will have to as hard economic times bite. If anything it may have to face more pressures because asset management isn’t sexy or near the top of the corporate agenda. There is a lot of work to be done about making sure that we corporately reposition ourselves and ensure that our business modules are truly efficient, effective and fit for future purpose.

Finally I think there are key areas where you should be **leading outcomes**, for example sustainability outcomes, and be critically involved in how we manage the total asset base of councils and partnerships, our place and space, thus making outcomes critically dependent upon how we manage and use assets. Economic outcomes depend on us thinking “well, this might be nice for the council but what is the impact on the local economy.” This is more than supporting outcomes that other people lead. I think asset managers have to begin to think of themselves as the people who also lead outcomes; so develop your skills and capacity accordingly.

Colin Mair

