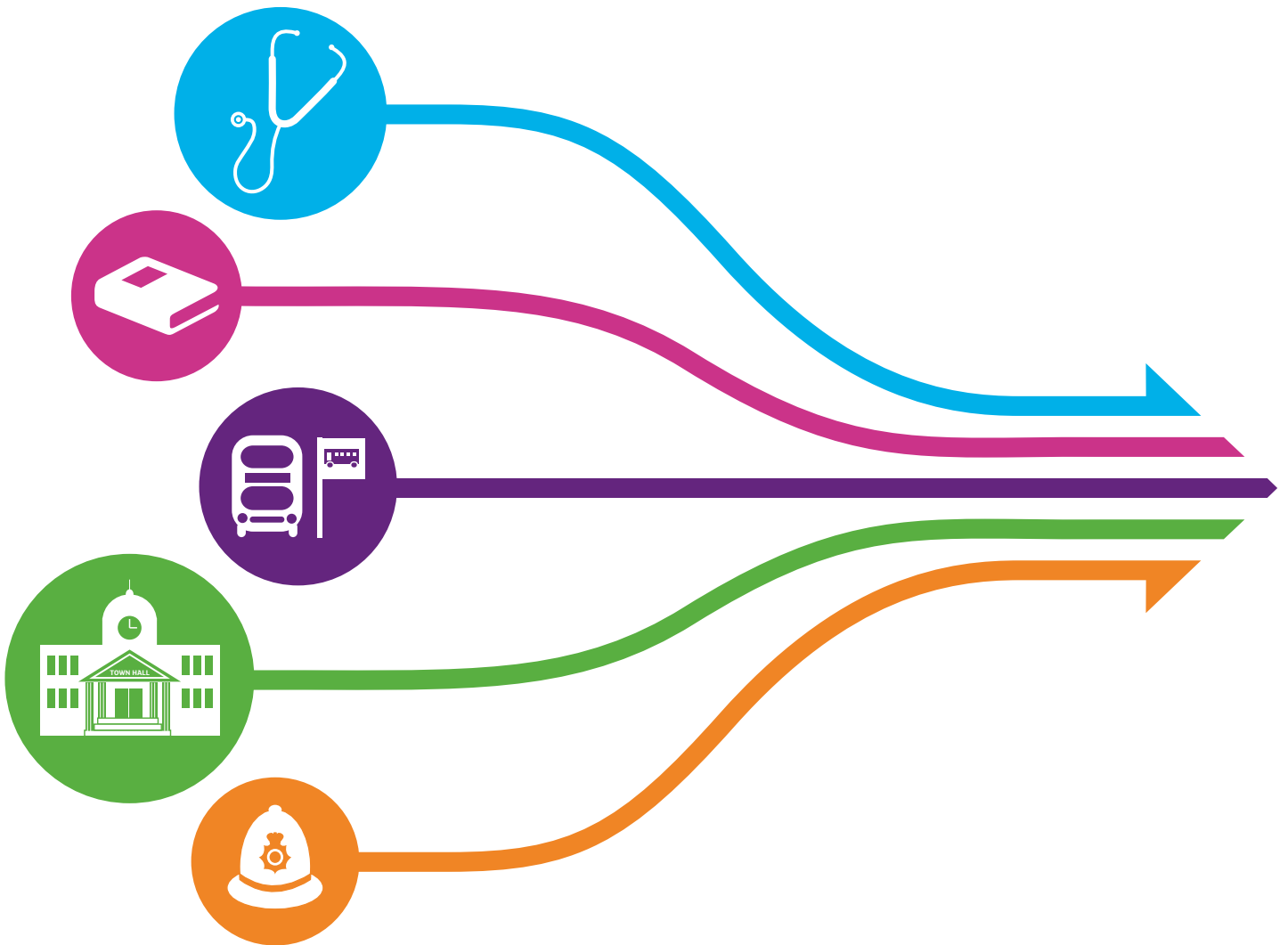


place-based asset management

Managing public sector property to
support aligned local public services



CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our members and trainees work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a route to qualification and membership for people already working in senior financial management positions. These are taught by our own CIPFA Education and Training Centre, as well as at other places of learning around the world face to face, online and by distance learning.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, counter fraud tools and qualifications, courses and conferences, property and asset management solutions, advisory and recruitment services for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with international aid donors and agencies, partner governments, accountancy bodies and the wider public sector as well as private sector partners around the world to advance public finance and support better public services.

\ introduction

The public sector faces the challenging dilemma of how to provide fit for purpose property to deliver public services with considerably less revenue and resources. The level of savings required means that piecemeal tinkering at the edges of the public estate is no longer a viable option.

Place-based asset management offers a solution by taking a collaborative approach to managing public land and buildings. This approach has the potential to deliver significant savings, support better aligned local public services and create new opportunities for joint working. CIPFA's research and experience show that there are many places that have yet to explore the wider opportunities from collaborating with other local service providers on rationalising their collective property assets.

This introductory guide to place-based asset management presents the main concepts of an aligned approach, and will help senior decision-makers in local public services to:

- understand the drivers for collaboration on public property assets
- evaluate for their own entities and their partner organisations
- get started on a place-based asset management model of delivery.

The publication has been developed as part of CIPFA's Aligning Local Public Services Programme. The programme aims to develop a suite of guidance and tools to help local bodies address the demands of ever tighter funding by working together to deliver public services as economically, efficiently and effectively as possible, based on common strategies and high-quality financial and operational data.

what is place-based asset management?

Place-based asset management enables local public service providers (including the third sector) to collaborate on managing their land and buildings as a collective resource across their local area.

Many public entities already have experience of working together on one-off building projects, and there are many excellent examples of public service campuses, shared buildings and one-stop shops in places across the UK.

Place-based asset management applies this individual project centred approach strategically to the whole public estate within an area, encompassing a community's need for a wide variety of public services. It aligns asset related initiatives and projects across local public service providers to the best effect for the local community.

why do it?

There is a persuasive body of evidence that a place-based asset management approach to managing public assets across neighbourhoods will:

- deliver greater savings in running costs
- raise capital
- cut carbon emissions
- provide better access to public services.

Place-based asset management also acts as a catalyst for joint working, integration and resource sharing as a consequence of the close proximity of several public services operating under one roof.

Place-based asset management is an effective way to get more value from the public estate, enhance public services and make a greater contribution to wider economic, environmental and social outcomes for local communities. If this model were widely adopted, it would by aligning local public services, provide a viable alternative to the closure of service buildings that are no longer affordable as single use facilities. The result would also be joined-up customer focussed services for decades to come.

Collaboration and leadership

Collaboration between partners on managing and sharing public assets across an area can be complex. It may need to overcome the challenge of fragmented capital funding streams spanning different timeframes or reconcile contrasting operating frameworks and competing priorities between public agencies.

Collaboration on property assets, for example, may have to confront political and cultural differences, or challenge long established organisation-centred practices. By their very nature, property transactions will often involve high value financial capital and risk, and entail decisions that might be unpopular for some service users and communities. It will require balanced and transparent judgements to make sure that risk and reward from asset rationalisation is shared fairly across partners. Robust governance arrangements, often for extended periods of time, will help the partners to deal with these issues.

Local authorities are uniquely placed within their localities to provide the leadership a place-based asset management strategy requires. Combined authorities and city deals have shown the significant potential of local authority-led aligned public services.

Strong leadership at both the political and executive level is needed to keep the partners on course towards a common aim for their collective property holdings. Senior management engagement is also needed to corral the necessary skills and experience within each of the partner organisations and where needed to build extra capacity.

There are five key parts to a place-based asset management change programme:

1. Taking **leadership** and building the relationship between partners so all have the common aim of a place-based asset management of the collective public estate.
2. **Data gathering** and analysing information about property holdings and customer needs.
3. **Identifying opportunities** for sharing and rationalising the collective public estate in an area, and appraising the options and setting the priorities (multi-partner property reviews).
4. Setting-up **governance** arrangements for the implementation of the property review findings and for the ongoing collaboration on asset management across the local public agencies.
5. **Implementing** the collaboration, rationalisation and change programmes identified in the review work (i.e. acquisition, disposal, sharing and development of the partners' property assets).

A place-based approach to the public estate can range in ambition from sharing individual buildings to operating a single collective estate. There is no one size fits all solution, and many partnerships may progress from individual property sharing arrangements to a more comprehensive solution.

the start-up meeting with partners

Place-based asset management requires a willing group of local public service providers to agree to commit time and resources in the short-term for a long-term benefit. Each partner will need to demonstrate that the business case justifies their commitment.

A start-up meeting of key potential local public service partners is a good way to initiate discussion on applying the place-based asset management model to the local area. This meeting should include elected representatives of the key organisations and involve the respective estate management leads.

An independent external facilitator can help ensure the discussions and deliberations are balanced and are appropriately channelled to resolve differences and reach a consensus. Topics for the initial start-up meeting of potential partners should include:

- discussing the benefits of a place-based asset management approach to the local area
- agreeing arrangements for gathering and sharing data on assets and customer needs
- making arrangements for analysing it jointly and establishing any data protection protocols
- exploring opportunities for collaboration on:
 - common asset priorities, initiatives and themes
 - clusters or gaps in asset provision in areas
 - joining-up capital funding and procurement
 - sharing property services resources
- prioritising a work programme based on a selection of assets in an area or for a functional type of asset common to a group of partners
- initiating an early discussion on potential leadership and partnership structures as a starting point (see Partnership model on page 8)
- identifying any potential partners who are not currently engaged in discussions but who should be offered the opportunity to participate
- considering any organisational, political, cultural, technical or capacity constraints within potential partner entities that would need to be accommodated. For example, bodies where assets are still managed within a service-based rather than corporate approach, or lack of capacity to participate. Others may have outsourced property related functions, or have assets that are out of scope (e.g. social housing or PFI)
- creating a common understanding across the partners about national operating frameworks or controls, strategic priorities, asset deficiencies, significant change programmes and strategic procurement contracts that affect the asset base within each body.

- Sharing thoughts about access to and limitations on capital funding streams within each body and bias towards or against particular funding sources
- Identifying any partner initiatives that that might act as a driver or a barrier to collaboration on asset management, e.g. service transformation, outsourcing, agile working.

A written business case drawing from the outputs from this start-up meeting will help consolidate the partnership and make clear to each partner the justification to commit up-front resources. The business case for collaboration will provide a background and context and demonstrate the benefits to key policy and decision makers in each of the partner entities.

Partnership model

There is no one partnership model that fits all for place-based asset management. It will very much depend on what the partners collectively are most comfortable with, and the degree to which assets and capital are, or can be pooled. It should be borne in mind that the partnership model adopted at the start may outgrow itself and need restructuring as the approach develops and matures.

An obvious first consideration in determining the appropriate model is to identify whether or not there is an existing public sector partnership that can be adopted and expanded to encompass collaborative working on assets, especially in places where current partnership arrangements work well.

A place-based asset management partnership can be informal or formal, and the most common types of property partnership are as follows:

- Informal arrangement between willing partners. This is only likely to be sufficient for the planning and option appraisal stages of place-based asset management, when partnership working only involves sharing ideas with minimal risk and no transfer of money or assets. Such an informal arrangement can also identify and oversee a number of arrangements based on specific assets.
- A partnership comprising a collaborative arrangement founded upon a joint strategic asset management plan containing a common goal that takes in all, or a selection, of the partners' assets in a defined area.
- A formal joint board with delegated authority to make decisions on the collective property portfolio. It may also set some constraints on what the partners can do with their assets without consulting the board.
- A legally constituted joint venture company comprising public sector partners only. Each party contributes resources to the venture and a business is formed in which the parties share the risks and benefits.
- An asset-backed vehicle joint venture comprising private and/or third sector and public sector partners, with the private sector providing upfront funding and capacity to kick-start a programme of asset rationalisation.

The more formal models of partnership may typically comprise an arrangement where the partners pool their assets and capital in a joint venture company. Each party would have the control and share of any benefits proportional to the value of the assets they put into the joint venture.

Whichever form of partnership develops, it is crucial that it has a clear vision of what it wants to achieve from their collaboration. A place-based asset management model of delivery offers many benefits, and the partners need to be clear on which ones are the most important, because it will inform the direction of their work. For example, they may prioritise reducing the cost of the property estate by sharing property, or cutting carbon emissions or providing better access to public services. Partnership models may be based on a single asset, a number of individual asset agreements or a single local public estate.

sharing data and asset mapping

‘When decision makers use information well, local public services improve’.¹

Sharing data between partners on their property estates is a fundamental precursor to place-based asset management. The local public service providers need to know what each other owns if they are to spot the opportunities for efficiencies and savings from their collective land and buildings.

It will also help the partners expand their knowledge of how well the total public asset base in an area meets community needs. Information gathered can provide a sound basis for prioritising future joint working and investment, disinvestment or development opportunities.

Having good quality data at the outset of place-based asset management will be valuable at the later stages of any property rationalisation programme. It will set a benchmark against which to measure performance, and will give a “before and after picture” to demonstrate achievement of the expected benefits to the partners, the community and the public purse. It can also inform a robust business case to answer cultural, community or political concerns.

In CIPFA’s experience, most large scale public sector property collaborations and rationalisations start with a mapping exercise to show the locations of public asset holdings in an area.

There are sound reasons why the mapping of assets is the starting point for effective place-based asset management:

- It provides a common basis for sharing asset data between partners.
- It makes the proximity, gaps and overlaps in asset provision for a geographical area apparent in a way that captures attention.
- When combined with customer insight information it shows the spatial relationship between assets and users.
- It stimulates and focuses partnership discussions on spotting opportunities for collaboration and rationalisation.
- If geographic information system (GIS) functionality is used it aids analysis, particularly if asset data is combined with customer insight data.
- Where asset mapping covers all assets used to deliver public services, (including those outside of public sector control such as third sector assets) it widens the scope of opportunity for collaboration and rationalisation.

The value of mapping assets will be most evident when the boundaries of land ownership are delineated on the map, rather than just marking up basic point locations of assets.

¹ In the Know; (Audit Commission, 2008)

Many places are already using a map of the public estate to support opportunity spotting for collaboration and sharing assets. The map base can also be used to help assess whether the configuration of assets best meets the current and future demand for public services within local communities.

Data about the fitness for purpose and the opportunity value of assets will help in appraising options for collaboration and rationalisation of public sector property across a place. This data will include:

- location and a unique asset identifier that all partners can recognise
- tenure and legal impediments
- physical characteristics, e.g. size, age, construction type
- fitness for purpose, e.g. condition, suitability, capacity, accessibility
- performance information, e.g. utilisation, running costs, carbon emissions
- environmental constraints, e.g. listed building
- opportunity cost, e.g. land value for alternative uses, social value to the business or the community.

Partners sharing data may also need to enter into a formal agreement about data quality, ownership, disclosure, confidentiality and end user license restrictions that apply to any of the datasets.

Customer insight

Customer insight is the foundation for the place-based asset management model of managing public assets. It is essential that there is a shared understanding among the partners of the needs of local communities and how users want to access public services now and in the future. Information about users will help connect technical decisions about the physical characteristics of assets to community priorities. It is this knowledge that forms the basis of a shared ambition for the collective public estate.

Customer insight is particularly important where their needs have changed over the life of the assets and they are no longer in the places convenient for users or where the need is greatest. Likewise, a shift in the way users access public services, such as online, may mean the existing public land and buildings have become less relevant. Customer-needs data is one side of the equation in the gap analysis between what is needed and what is provided. Injecting customer demand information into option appraisals of the combined public estate may bring to the fore opportunities for rationalisation that may otherwise be missed.

It might be useful to compare high level mapping of key customer population groups with the broad asset profile in the early, more strategic stages of development, whereas more in-depth data and qualitative approaches might be more usefully deployed when specific plans are being considered. Involving local residents early on in the design of public service delivery should generate better solutions.

property reviews

A property review is a means to gather the data about the public property holdings and customer needs in one place, and using this to help identify opportunities for collaborating and rationalising the collective estate.

A place-based property review should identify land and buildings that:

- either do or do not have public access
- are most and least visited
- have over-lapping catchment areas
- are used by services that are dependent on face to face contact
- are used by services that can be replaced by another channel of service delivery, e.g. online
- present a barrier to equal access for all sections of the community
- must be in close proximity to the user base
- are convenient to where people go for work, shop or leisure
- offer a wide user choice in how to get there
- are perceived to be important (e.g. police station) or unimportant by local communities
- are perceived negatively by communities and users
- are key landmark assets that shape the cultural heritage or environment of a place
- are location critical to service delivery, e.g. emergency response times
- are incompatible with combined uses, e.g. security risks
- are used to provide critical public services that must be protected from disruption, e.g. environmental effects such as flooding.

Where the partner entities have agreed to collaborate strategically on place-based asset management, the next step is to prioritise a collaborative programme of joint property reviews. The scope of pan-agency property reviews ranges from a broad sweep across all the combined assets of the partners in an administrative area or a neighbourhood, to a full and detailed review of a defined group of assets. The scope will to a degree be influenced by the capacity of the partners, the practicality of delivery and the influence of any existing initiatives the partners are pursuing.

A pan-agency property review may cover:

- a local place (e.g. a town)
- a theme (e.g. carbon reduction)
- a class of asset (e.g. offices)
- a customer base (e.g. young people).

The purpose of a multi-partner property review is to analyse the current stock of assets against service needs and identify the options for collaboration and rationalisation. It is therefore essential for each partner entity to have a clear understanding of the needs of their services and customers, both now and how they might develop in the future.

The property reviews should test partners on their rationale for holding on to their assets and challenge any political, organisational or cultural barriers to pooling, sharing, relocating, investing, reducing, or disposing of assets. It should also reinforce the notion that any collaboration aims to share risk and reward from asset initiatives across the partners. The objectivity of an independent external specialist can help draw some of these issues out and reconcile the different priorities that will exist.

\ conclusion

Evidence shows that adopting a place-based approach to managing public assets to deliver aligned public services can offer significant benefits although these will vary dependent on the local area.

Savings to the combined public purse will often be the focus for such initiatives, but public sector entities should not forget the significant service delivery benefits that can be realised in a joint approach. Finally, shared approaches do not happen overnight, they will require on-going commitment and may also require up front finance or other resources.

If you would like to discuss how CIPFA Property can help you deliver place-based asset management in your area please contact CIPFA's lead on place-based asset management at:

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