

CIPFA Property

# Strategic Property Asset Management Framework

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77 Mansell Street, London E1 8AN

020 7543 5600 \ [customerservices@cipfa.org](mailto:customerservices@cipfa.org) \ [www.cipfa.org](http://www.cipfa.org)

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## Introduction and background

A good asset management framework does not necessarily make an organisation good at asset management.

Asset management is about supporting the delivery of strategic goals and objectives through the use of property assets – it is part of resource and business planning. It is setting a vision of where you want to be, and mapping out the journey to that place – identifying where value can be added and where investment is needed to achieve objectives. For most organisations this involves the adoption of a written asset management framework.

A good asset management framework is one that reflects:

- what your issues and values are as an authority
- where you are as an authority
- what you are seeking to achieve
- how you intend to get there.

To be effective at strategic asset management, appropriate attention needs to be given to the processes and procedures and how things are done. While having a written document is helpful it should not be the overriding goal. Any written document should simply express what is taking place within the authority and on the ground.

Too often organisations concentrate a great deal of effort on writing a document, without first agreeing their strategic direction and putting in place the appropriate processes, governance mechanisms and policy frameworks. Where this happens it is often the case that ultimate delivery of intended outcomes falls short.

## The benefits of strategic property asset management

Where strategic property asset management has been effectively put in place it has brought real and tangible benefits for the organisations concerned, in the following areas.

### Being corporate

- Establishing a strategic property group (or board) where corporate discussions can take place.
- Putting into place a corporate landlord governance model.
- Appreciating that long-term change was needed which relies on a corporate approach.
- Increasing the desire for a corporate solution.
- Enabling common priorities to be agreed and adopted.
- Enabling the establishment of corporate standards for assets, for example in asset condition or utilisation.

**Awareness**

- Raising profile of property assets and brought senior leadership buy-in.
- Showing that things had to change.
- Knowing more about their assets.
- Improving engagement with elected members.
- Increasing understanding of how assets enable an organisation and services to deliver.
- Putting property at the top table.

**Service delivery**

- Improving engagement between property team and services.
- Development of department asset strategies or incorporating asset strategies within departmental business planning approaches.
- Supporting services to challenge their service delivery operating models.

**Finances**

- Improving financial forecasting.
- Identifying procurement cost savings.
- Analysing and aligning budgets.
- Demonstrating savings, delivering efficiencies or spending money more wisely.
- Taking a more commercial attitude to services and to property assets, and driven value from the portfolio.
- Focussing staff and finance where biggest difference can be made.
- Initiated a capital and disposal strategy.
- Developing an investment strategy.

**Efficiency**

- Realising the need and value of data in improving efficiency and in making decisions.
- Understanding costs.
- Highlighting property performance:
  - energy
  - maintenance
  - compliance
  - fitness for purpose.
- Achieving better and fewer assets.

- Enabling the development of a repair and maintenance programme.
- Supporting asset review, rationalisation and asset challenge.

### **Delivering corporate objectives**

- Delivering better return (social and financial) through formal decision making platforms.
- Driving regeneration.
- Driving organisational policy on Community Asset Transfer.

### **Partnerships**

- Improving collaboration and brought organisations together, including neighbouring local authorities, blue light services, health, central government etc.
- Supporting area reviews and co-location strategies.
- Developing better links with other council strategies.
- Promoting and delivering Internal shared use of assets.

### **Why the benefits are sometimes not seen**

For some organisations, attempts to adopt a strategic approach to property asset management do not get sufficient traction or at various points go 'off the rails'. Sometimes this is due to the organisation writing their asset management framework before they have put in place the necessary and important foundations. There can be a number of other reasons why strategic property asset management does not deliver what was intended. These can include:

- Lack of understanding as to what it is all about.
- High level policy change or shift in political priorities.
- Other plans and strategies change.
- Inconsistencies in approaches.
- Approaches to changing priorities or strategies is not fed through to property asset implications and need to adapt.
- The asset management framework becomes too bulky and cumbersome.
- The asset management framework results in being nothing more than a position statement instead of being forward-looking and strategic.
- The organisation lacks a culture of taking a corporate approach to decision making.
- Political overrule of adopted strategy in certain cases.
- Struggle to achieve engagement with all senior management and services.
- Heavy operational workload resulting in diversion of resources from strategic activities.

- Lack of adequate property-related data.
- No clarity around service delivery models.
- Timeframes, objectives or funding arrangements of partners out of alignment.
- Amount of time, money and people available to deliver.
- Ward councillors can sometimes concentrate on local issues rather than bigger picture.
- Dependence on internal drivers for change which is not always there.
- The property team lacks status within the organisation.

### **Taking it forward**

Section 3 of this document shares the CIPFA Property approach, which we take when we are asked by public sector organisations to support them on a consultancy basis in developing a strategic property asset management framework.

This approach has been developed by us over a number of years and is tried and tested. But it is not rigid, and is capable of being adapted to suit particular requirements. In fact we would encourage organisations adopting this framework to adapt it to what they need. After all, every organisation is different and at a different place on their journey.

When we are supporting organisations in this way we treat the commission as a project that has distinct stages. These might be different for us than they would be for you, as you will come already armed with information about your organisation that we wouldn't necessarily have.

If you do adapt this framework approach, one thing that should remain in common is to avoid the temptation to simply start writing your framework before you have put the fundamental building blocks in place to establish what your various stakeholders' views and perspectives are. You need patience to determine this before any document drafting takes place. It will pay dividends later.

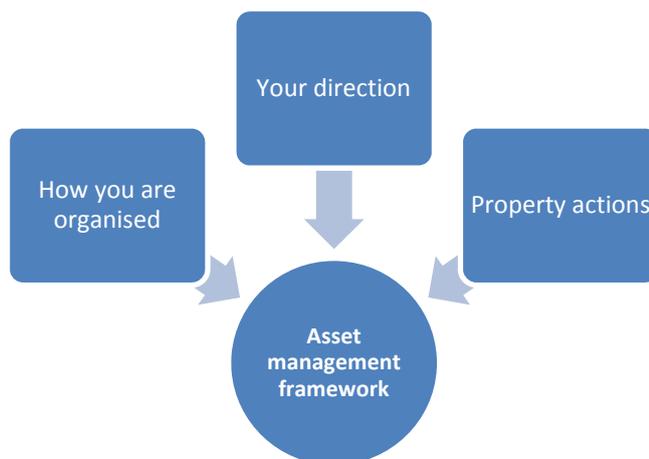
Another area that requires consideration is the intended audience for your framework. If the framework is going to be entirely internal then it may need to be written in a certain style and a different level of detail to a framework that is principally intended for public consumption.

If even if the framework is entirely internal, there will be various internal audiences and different messages or different ways of saying the same thing that may need to be sought out and rearticulated.

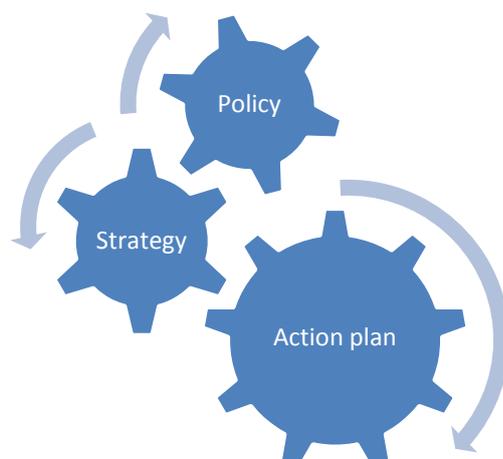
## Document structure

We are firm believers that any written asset management framework should be logical in its concept and approach. It should be structured in a way that briefly tells your story – where you have been, where you are now, where you want to be and why, and how you intend to get there.

The story that needs to be told might include the following three elements:



But in telling this story, written asset strategic asset management documents can often suffer from being confused, jumbled affairs that confuse where the organisation is, what it is trying to achieve, and what it is doing about it. That is why when we are asked to support organisations in developing their frameworks we recommend a disciplined structure as shown in the diagram below.



This sort of structure, with the three key elements of policy, strategy and action plan, provides clarity, both within the organisation and in gathering your own thoughts during

the drafting process, but also for those reading or referring to the document once written.

### **The property asset management policy**

This establishes the rules, culture and behaviour.

### **The property asset management strategy**

This sets the direction for change.

### **The property asset management action plan**

This sets out how that change will be delivered.

## **The property asset management policy**

The *Public Sector Asset Management Guidelines* (RICS 2012) describes the property asset management policy as:

*The...policy will be designed to make sure that the property asset strategy is reflected in the decisions of all parts of the organisation. It sets down the 'rules of behaviour' for the organisation, as far as property decision-making is concerned, to ensure that the strategy can be.*

It establishes:

- what the corporate approach or attitude is to its property assets
- what behaviours are expected
- what principles are going to be followed.

## **The property asset management strategy**

The *Public Sector Asset Management Guidelines* (RICS 2012) describes the property asset management policy as:

*The property asset strategy is a business planning and communication document... It considers property as just one of the many corporate resources which are needed to deliver services.*

*The strategy will be a high-level statement of the overall approach to providing property and/or accommodation to meet the organisation's needs. It will make clear, in general terms, the property/accommodation that is required to meet corporate and operational objectives.*

It establishes:

- what you think your future should look like
- where you want to be.

## The difference between policy and strategy

In the context of what we are describing here, we regard the property asset management strategy as being what you are seeking to achieve in terms of direction. It is framed around achievements, and is focussed on a direction and a time frame and/or outcome.

By contrast the property asset management policy is how you regard and treat the assets and what you want from them.

The table below provides three examples of three different aspects of property asset management, and how the property asset management policy and the property asset management strategy might relate to one another, and the differences between them. These are provided simply to demonstrate the relationship between policy and strategy.

Asset management area	Possible policy aspect	Possible strategy aspect
Community asset transfer	<ul style="list-style-type: none"> <li>• Wish to support our communities by empowering them to control local assets.</li> <li>• Who are we prepared to transfer assets to?</li> <li>• In what circumstances are we prepared to transfer assets?</li> </ul>	<ul style="list-style-type: none"> <li>• Possible target around number of community asset transfers by a certain date.</li> <li>• Possible target around outcomes from community asset transfers.</li> </ul>
Commercial property investment	<ul style="list-style-type: none"> <li>• Where the organisation is prepared to buy commercial property investments.</li> <li>• The type of commercial properties the organisation will consider acquiring.</li> <li>• The risk appetite for individual acquisitions, or across the portfolio.</li> </ul>	<ul style="list-style-type: none"> <li>• Ambition for the council to be financially self-sufficient in terms of revenue budgets.</li> <li>• Possible target to achieve an identified level of annual income from commercial property investment.</li> <li>• Possible target to spend an identified capital sum on commercial property acquisition.</li> </ul>
Asset condition	<ul style="list-style-type: none"> <li>• Intention to have all property assets in good condition.</li> <li>• Adopt definitions of what 'good</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a repairs and maintenance strategy by a defined date.</li> </ul>

Asset management area	Possible policy aspect	Possible strategy aspect
	<p>condition' means for different categories of property asset.</p> <ul style="list-style-type: none"> <li>• Ensure that property information is accurate, current and comprehensive.</li> </ul>	<ul style="list-style-type: none"> <li>• What will be repaired when to achieve policy intention.</li> <li>• Possible milestones against pre-determined dates.</li> </ul>

### The property asset management action plan

The property asset management action plan should provide clear and measurable actions that will be implemented over the short term, say three to five years, as part of delivering the property asset management strategy. It should set out:

- what you we need to do to deliver on your strategy
- the specific activities or actions you will be taking.

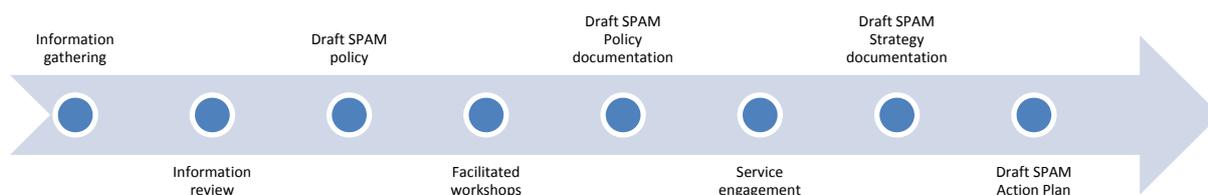
We would recommend that the property asset management action plan be divided into logical and sensible sections. We would generally suggest that the deliverables be categorised into the following groups:

- policy development
- organisational arrangements
- property specific activities.

Section 3 below sets out the process that we at CIPFA Property generally follow in order to support organisations on a consultancy basis, in pulling together the necessary information to enable them to develop a strategic property asset management framework that is robust and reflects their challenges, cultures and ambitions.

## The CIPFA strategic property asset management framework approach

The CIPFA Property approach to developing for clients a strategic property asset management (SPAM) framework generally follows eight main steps as shown in the diagram below and brief descriptive text below:



- **Information gathering:** Gather key documents and relevant information.
- **Information Review:** Review key documents to pull out key aims and objectives/deliverables associated with property asset management for consideration within the workshops.
- **Draft SPAM policy and principles:** Develop draft asset management principles and policies in preparation for workshop.
- **Facilitated workshops:** Presentation and workshop with elected members.
- **Draft SPAM policy documentation:** Based on the facilitated workshop and corporate documentation develop outline AMP Policy documents.
- **Service engagement:** Discussion with property representatives and key services mainly to develop contents of strategy part of documentation.
- **Draft SPAM strategy documentation:** Write outline AMS based on above.
- **Draft SPAM action plan:** Develop asset management action plan.

The following parts of this section provide a little more information around each of these eight stages in the CIPFA Property SPAM framework approach.

For clarification, this framework guidance is a process that can be followed by organisations seeking to articulate their asset management approaches and strategy, in a written form. This guidance is NOT a tool to deliver asset management itself, but a means to help the organisation describe where it is and where it wants to be.

Nevertheless the process of articulating where an organisation is can shine a light on where and how things could or should be better. Not many organisations are likely to be able to say that they are doing everything in terms of asset management and that they cannot improve.

One key output from this framework process is the SPAM action plan, which will set out improvements that may be able to be made, and which will deliver the strategic destination the organisation has set itself. This action plan will say what the organisation needs to do or to change over the short to medium term, as part of achieving the long term strategy. It is a menu for improvement.

## Information gathering

When we are supporting clients through this sort of process we are outsiders to the organisation. We might know something about the organisation and what they are doing, but we will not have a great deal of detail. So we have to devote quite a bit of time to getting to know what the organisation is all about.

This means gathering as much information as possible about them, to understand what makes them tick, what is important to them, what their ambitions are, what their particular challenges are, what they have achieved so far, and what they believe is left to do.

This information gathering process is far from limited to issues around property assets or the property team. This is a process whereby we gain a broader understanding of what the organisation is like as a whole, including some of the key service functions within it.

Set out below are lists of the sort of information that we generally seek to obtain. Often different organisations will have different names for what are essentially the same thing, so don't get hung up on the specific document titles we use. The principle is to find out as much as possible ready for this to be reviewed at the next stage.

You might think that you could leave out this stage of the process because you think you know all there is to know about your organisation. But we would urge you not to be tempted into that way of thinking. In our experience you might well be surprised what little you do know about your organisation. We have been involved in quite a few consultancy situations where our main instructing contact did not even know that some of the documents we requested even existed. So do not assume that you know all that needs to be known.

*Your assumptions are your windows on the world. Scrub them off every once in a while, or the light won't come in.* — Isaac Asimov

The information we generally seek falls into three groups:

- How the organisation and the community is changing.
- Key strategic and policy objectives of the organisation.
- Information around the property estate and its performance and governance.

### **How the organisation and the community is changing**

The table below sets out some high level questions that we often like to ask about an organisation in preparation for developing the SPAM Framework.

How is the organisation changing?	How is the community changing?
<ul style="list-style-type: none"> <li>▪ Is the organisation into shared function buildings containing multiple organisational services?</li> <li>▪ Is it sharing property assets with external partners?</li> <li>▪ Is there a process of 'channel shifting' of customers that could impact on property assets?</li> <li>▪ Are some services being scaled back through closure?</li> <li>▪ Are there changes taking place to service operating models?</li> <li>▪ Are services being closed down altogether?</li> <li>▪ What is the organisation's attitude to outsourcing or insourcing insofar as it might impact on property assets?</li> </ul>	<ul style="list-style-type: none"> <li>▪ What is happening locally to the average age of the population?</li> <li>▪ Is the demographic of the community changing?</li> <li>▪ How different are the different communities within the area?</li> <li>▪ How is the organisation reshaping services to reflect or adapt to these?</li> </ul>

### Key strategic and policy objectives of the organisation

As well as building an understanding of the organisation and its communities, it is necessary to have an understanding of the key objectives of the organisation and its partners. These will often be set out in a number of key policy and strategy documents.

We set out below a list of some of the key documents that we normally request from our clients. Each of these is important in their own way. And once again, the terminology will differ from organisation to organisation.

In your organisation there could of course be other key policy and strategy documents that we have not listed here. That doesn't mean they would not be important. For example if you are a police service then your policing plan would be a key document. If you are a fire and rescue service or in the health or higher education sectors then you will have your own specific documents that you should include.

In our experience most strategic property staff will have a grasp of the content of documents such as the corporate plan, but beyond that there is not always an in-depth understanding by them of other documents in this list.

If you are applying this framework in your organisation then we urge you to obtain copies of all these and other relevant documents. Do not assume that you know what they say. Read them to find out. You may be surprised at how little you know.

### Key documents for review

- Corporate plan/corporate business plan.
- Community strategy.
- Capital strategy and capital programme prioritisation process.
- Medium term financial plan.
- Treasury management strategy.
- Economic development strategy.
- Housing strategy.
- Carbon management/energy strategy.
- Neighbourhood or place strategies.
- Tourism strategy.
- Community asset transfer policy.
- Information around key partnership with other bodies.

### Information around the property estate and its performance and governance

Alongside information that needs to be gathered around the organisation, its challenges, culture and overall direction, it is naturally necessary to gather as much information about the operation and management of the property portfolios owned and operated by the organisation as possible.

This includes property assets that are part of the council's frontline operation as well as property assets that are held to support community activities, held for economic development and regeneration, held for long term expansion or development and also those that are held to provide a financial return.

The information available and necessary to be gathered will vary from asset group to asset group, and will also vary from organisation to organisation. The box below provides some examples of the nature of the information we would seek when supporting our clients.

At this stage, when gaps are identified around property-related information this provides an immediate flag of a potential action for the asset management action plan.

### Property estate, performance and governance information

- Asset lists and breakdown.

### Property estate, performance and governance information

- Key property partnerships with other bodies.
- Property performance data (condition, cost, utilisation etc).
- Property maintenance strategy.
- Statutory compliance of premises.
- Key property achievements over last two years (projects, financials etc).
- Property plan/programmes moving forward.
- Any specific property policies eg, disposal and acquisition.
- Scheme of delegation for property decisions.
- Terms of reference for asset management group (or board).
- Documented governance arrangements around property decisions.

### Information review

Once all the available information is gathered then this can be reviewed in order to form a picture of the organisation, where it is and where it should and could be. It is important NOT to wait for fine detail with every data set before progressing as this will delay your progress. Where there are gaps in information then this will trigger a potential action for the asset management action plan.

The purpose of reviewing this information is to begin to pull together a draft asset management policy and management principles. At this stage these do not need to be finely worded, as that will take place later during the member workshops and discussions with internal services and other partners and stakeholders (if appropriate). The key task here is to understand what the organisation might need and to express in simple terms what this might look like, to enable these to be challenged.

### Typical corporate plan objectives of a local authority

- **More homes:** Providing and enabling the right amount, type and range of housing across the area.
- **More jobs:** Working with businesses to provide jobs in a vibrant local economy.

### Typical corporate plan objectives of a local authority

- **Appearance Matters:** Providing an attractive and clean environment.
- **Health Matters:** Keeping our communities healthy and safe.
- **Achieving Stability:** Providing financial stability through a commercial and collaborative approach.
- **Delivering Excellence:** Recognising the commitment of staff and members to deliver excellent services.

This sort of language and topic areas are fairly common. Looking at these in isolation to form asset management policy and principles can be very challenging. However helpful these high level objectives may be, there is a need to read through the corporate plan to establish what the organisation's intentions are in terms of how these high level objectives will be turned into deliverable actions and outcomes.

It is necessary to look beyond simply the corporate plan and to examine the more detailed deliverables set out within service or cross organisation strategies. These will often be very valuable in identifying intended actions that directly involve property assets.

A good example of this will be an organisation's economic development strategy or regeneration strategy, which should be difficult to divorce from your asset strategy. The box below provides an example of the sort of high-level objectives that might be seen in an organisation's economic development strategy.

### Typical economic development objectives of a local authority

- Build on existing assets and emerging economic strengths.
- Promote key sectors.
- Enhance towns and coast.
- Encourage more business start-ups and improve survival rate.
- Support business to grow.
- Attract new businesses.
- Providing infrastructure.

The challenge for asset managers is to understand the objectives, understand the deliverables and to identify where property assets can help. This might well involve quite a range of potential support, including:

- identify and bring forward appropriate sites for commercial development
- encourage development of commercial premises
- maximise the impact of the assets/resources
- work in partnership with other public and private sector organisations.

We find often that asset managers do not know what is in the economic development strategy and are not having enough dialogue with colleagues on how they can support its delivery. Below are some questions for you to challenge yourself in this area:

#### ASK YOURSELF

- Is strategic asset management linked in with economic development?
- Do the two operate in isolation?
- Is the landholding being actively reviewed to identify opportunities to support economic development objectives?
- Is strategic asset management actually fighting against economic development?
- Are your property skills being effectively utilised and exploited?

If you are a housing authority, then as with the economic development strategy, there will be high level objectives set out in your housing strategy (if you have one), an example of which are set out in the box below.

#### Typical housing objectives of a local authority

- Provide high-quality affordable homes to meet local needs (including assistance to help first-time buyers and others on low wages to access home ownership).
- Improve the condition of the housing stock.
- Support vulnerable people.
- Make the best use of the existing housing stock.

As with the economic development strategy, the challenge for asset managers is to understand the objectives, understand the deliverables of your housing strategy and to identify where property assets can help. This might well involve quite a range of potential support, including:

- identify and bring forward appropriate sites for affordable or social housing development
- identify and bring forward appropriate sites for new private housebuilding, either directly by the council or by others
- encourage development of the delivery of housing supply through mixed use development schemes.

We often find that asset managers do not know what is in the housing strategy and are not having enough dialogue with colleagues on how they can support its delivery. In the box below are some questions for you to challenge yourself in this area.

#### ASK YOURSELF

- Is strategic asset management linked in with housing strategy?
- Do the two operate in isolation?
- Is the landholding being actively reviewed to identify opportunities to support housing strategy objectives?
- Is strategic asset management actually fighting against housing strategy?
- Are your property skills being effectively utilised and exploited?
- Are you fighting against surveyor DNA in not co-operating with housing?

One key corporate strategy for any organisation is their finance strategy. This may take a number of different forms and be called different things. For many the term 'medium-term financial strategy' is commonly used. This may or may not incorporate capital financing plans. If not then the organisation may well also have a capital strategy.

These documents will set out the financial picture for the organisation, which is important in understanding the financial pressures for the short to medium term and any anticipated spending plans. The capital strategy may look further ahead into longer term capital requirements, risks and liabilities.

### Typical financial objectives of a local authority

- Maintain five-year rolling capital programme which remains within the approved affordable, sustainable and prudential limits.
- Ensure capital resources are aligned with the council's strategic vision and corporate priorities by ensuring all schemes are prioritised according to council's prioritisation methodology.
- Prudential borrowing to be undertaken to support the council's priorities where there is a business case for it to do so and there are sufficient monies to meet in full the implications of capital expenditure, both borrowing and running costs.
- To maximise available resources by actively seeking external funding to support council priorities and disposing of surplus assets.
- To use internal resources alongside external resources where appropriate to support the capital programme and minimise any borrowing costs.

In addition to medium-term financial plans and capital strategies, some organisations will also have an investment strategy. For some this may be incorporated within their capital strategy but for others it may be a standalone document.

If your organisation has an investment strategy then it will be important to review this to identify discussions and strategies that have already taken place in terms of where the organisation is planning to invest resources, as these could have important implications for your asset strategy. The box below sets out some areas that an investment strategy might possibly include.

### Possible investment strategy objectives of a local authority

- To ensure a long-term sustainable view is taken of any investments and the appropriate risk analysis is provided in considering those.
- Alternative income streams. Looking to generate future income sources through investments in the district which can generate a return over the longer term for the council.
- Invest further in the council area.

### Possible investment strategy objectives of a local authority

- Adopt a strategy which will look to utilise capital receipts to support investments for the council.

As with other strategies it is important for asset managers to examine how they are interacting with the other strategies and supporting their delivery. Some challenge questions are set out in the box below.

### ASK YOURSELF

- Have you a strategy to be more 'commercial'?
- What does this mean for you?
- Does this involve property assets?
- Are you looking to invest within or without the area?
- Are you investing in place making and public realm?

As well as the example strategies we have discussed above, your organisation may have a suite of other specific service strategies that as asset manager you should be reviewing, and adopting similar challenge questions to establish how you are interacting with and supporting them.

## Draft SPAM policy

Having reviewed the organisation's key documents, the next stage is to seek to distil from these documents what we think might be an appropriate set of strategic asset management policies (or management principles) for the organisation's property assets.

These are never expected to be the final version – they are produced to prompt a discussion. People find it much easier to grasp the concepts and engage in a conversation when they have something to disagree with!

So this list tests thinking of key stakeholders, where the authority wants to be, how it wants to behave, and how it wants to treat its property assets.

The intention is to knock into shape this policy wording so that it can be corporately adopted with everyone signed up to it.

This is also important as a driver for your asset management strategy. If you attempt to establish your strategy ahead of setting the policy ground rules you will find it more difficult to implement later on and could struggle to get corporate buy-in and consistency in decision making. The box below sets out some examples of the sort of things you

might consider including in your initial development of your asset management policy. But be careful not simply to copy these, as they should relate to your organisation's own culture, priorities, challenges and objectives.

#### Possible asset management policy areas

- Operates as a corporate resource, seeking the best outcome for the area as a whole.
- Meets ever-changing customer expectations and needs, easing and simplifying efficient access to services.
- Efficient, effective and fit-for-purpose.
- Manages so that enterprise and business are supported to grow, and inward investment continues to increase.
- Contributes to ensuring that the quality of xxx built and natural environment is enhanced and protected.
- Helps to ensure that the number and quality of homes in the borough meet housing needs.
- Supports community capacity to give us progressive, healthy, safe and vibrant communities.
- Makes efficient use of energy, the use of sustainable energy sources and the reduction of its greenhouse gas (CO<sub>2</sub>) emissions.
- Aligned to the efficient and effective utilisation of other resources such as finance, ICT and staff.
- Contributes positively to a sustainable borough in terms of housing and employment infrastructure.
- Contributes positively to the visitor economy.
- Takes full advantage of partnerships and collaboration with other public and private sector organisations in delivering value for money.
- Optimises financial return and commercial opportunities.
- Remains adaptive, innovative and flexible.
- Acquired and retained only when needed for a specific identified purpose.
- Maintained in good condition.
- Fit for the intended purpose.
- Kept clean, tidy, presentable and well signposted.

### Possible asset management policy areas

- Utilised as intensively as possible.
- Well-located and accessible to those that need them.
- Legally compliant, with clarity around liabilities that are retained and liabilities that have passed to third parties.
- Resilient to physical, economic and social change.
- Demonstrate good value for money for all financial spending, adopting a whole life approach wherever possible.

These could quite easily be very similar to asset management policies adopted by other local authorities, so don't expect to be surprised by that. It doesn't matter if they are similar to someone else's – as to a certain extent they hopefully represent good practice. It is about the process so that there is engagement and ultimately explicit agreement with internal stakeholders so everyone agrees that these (or whatever is substituted for them) are appropriate and should be adopted.

There is no single way to express asset management policies. Set out below is another way of approaching it that you might wish to consider when devising your policy and principles. Each organisation will rightly have their own way of doing it. It is not the format or words, but whether those words express what is important to you.

### Another possible example of policy layout

- In developing strategy and delivering actions and activities relating to our land and buildings, we will ensure that they meet certain agreed goals. These are not in any particular list of priority and the key challenge for the council is ensuring that we maintain an appropriate balance between all these elements to ensure that we make strategic use of our land and buildings to build upon the attractiveness of the area.
- Land and buildings are not 'owned' by the services that occupy them but are owned for the benefit of the people of the area. When decisions are made they are made in a way that provides the best overall outcome for the council and the district.
- Land and buildings will be efficiently used meaning that we will not waste money or waste space.
- Land and buildings will do what we want them to do and will be fit for purpose.

### Another possible example of policy layout

- Our land and buildings will be managed to contribute positively to a sustainable area through supporting the growth of enterprise, local businesses, support innovation and attract inward investment. We will support the provision of premises that are needed in the right area to facilitate this.
- Where we can we will use our land and buildings to contribute positively to a sustainable area to ensure that the number and quality of homes meets housing needs.
- Aligned to the efficient and effective utilisation of other resources such as finance, ICT and staff.
- We will use our land and buildings to support our local communities to give us progressive, healthy, safe and vibrant communities.
- Our land and buildings will make efficient use of energy and meet any energy efficiency standards.
- We will use our land and buildings in order to build the attractiveness of the district for visitors, which will bring money to the area and support local businesses.
- We will take full advantage of opportunities for partnerships, community asset transfer and collaboration with other public, third and private sector organisations in delivering value for money.
- We will use our assets to optimise returns, maximise external funding and commercial opportunities.
- Where we have land and buildings that generate rental income from tenants we will make sure that the income we get is the best we could expect and we will be constantly looking for new income generating opportunities.
- We know that things change. We want to make sure as best we can that our land and buildings are continually challenged to ensure that they remain adaptive, and innovative and are flexible enough to keep improving how and what we do.
- In addition to the key policy principles, we will also work to key management principles for the property portfolio.
- Performance targets and outcomes set around these.
- Subject to budget.

### Another possible example of policy layout

- Asset management principles are to ensure that assets are:
  - acquired and retained only when needed for a specific identified purpose
  - maintained in good condition.
  - fit for their intended purpose
  - kept clean, tidy, presentable and well signposted
  - used as intensively as possible
  - well-located and accessible to those that need them
  - meet all statutory requirements with clarity around liabilities that the council has retained and those that have been passed to third parties.
- Asset management principles are to ensure that:
  - no new legal requirements to be taken on by the council unless absolutely necessary for the greater good
  - land and buildings will be resilient to physical, economic and social change
  - demonstrate good value for money for all financial spending.

## Facilitated workshops

The next important stage in the process is to develop the initial drafts of the asset management policies (or management principles). In our view this has to be collaborative, as the whole reason for adopting the approach we are advocating is so that key stakeholders are engaged and have a sense of ownership of the outcomes. That way decision makers are more likely to adhere to the policy and principles – departing from them will be highlighted as part of decision making processes and as asset managers you can develop strategy with more confidence that it will be implemented.

While it may not be appropriate for every organisation, we generally recommend that in the first instance there is engagement with elected members. They need to be brought into the process early on. When we are asked to support organisations in developing their asset manager we manage this engagement through a workshop session or sessions (depending on how many elected members are to be engaged).

The engagement workshop generally follows the following simple agenda.

- Describe the process.
- Ascertain and agree key deliverables.
- Explain documentation and agree structure for AMP Framework.
- Facilitated discussion around the draft asset management policies and principles.
- Workshop activities around the draft asset management policies and principles.
- Summarising the day and agreeing next steps.

## Draft SPAM policy documentation

The outcome from the engagement workshop with elected members will be a clear steer on what it was about the draft policies (or principles) that members liked and disliked. You will have an idea of whether the phraseology you used was considered appropriate or not. You may well have struck some of the draft wording out and added new wording in.

At this stage you can now start to develop in more detail your first draft asset management policy. This need not be a lengthy document. It might only run to a handful of pages at most. What matters is the content not the length. In fact the briefer it is then the more likely it is that it will be read, understood and followed by elected members in future decision making.

Some organisations may at this stage, in parallel with the elected member workshops, also run engagement sessions with senior officers of the organisation, either corporate management team or perhaps even at the tier below. This would add some weight to what you have achieved with elected members and may add extra comfort around potential future decisions by your management team.

### REMEMBER

The property asset management policy establishes:

- what the corporate approach or attitude is to its property assets.
- what behaviours are expected
- what principles are going to be followed.

## Service engagement

With the asset management policies (or principles) agreed, the next important stage in the process is detailed engagement with services.

Engagement between strategic property staff and service areas should already be happening on a regular basis in order to understand and articulate each service area's property needs looking forward into the future. Writing the asset management

framework will help in formalising these discussions and will often bring out deeper issues that are likely to impact on property assets. Whether as part of an ongoing process or as a one-off in developing the asset management framework, service engagement needs to be of sufficient depth to ensure that all relevant issues are covered.

Typical areas for exploration could include:

- the general direction of their service
- the challenges they face
- the solutions they have devised so far
- the progress in implementing these
- the challenges that remain to be managed
- the options being considered for these remaining challenges and where they are in that process
- the extent to which they have, because of changing circumstances or shifts in corporate direction, departed from documented strategies
- the implications for their use and occupation of property assets from planned or likely changes to service delivery arrangements or target operating models.

It is at this stage of the SPAM process that the information gathering and information review stages show their benefits. In digesting the contents of individual service strategies and/or service business plans, you will as an asset manager have gained an understanding of the overall direction of travel for each service, what is important to them and what they are seeking to achieve.

The dialogue with each service at this stage of the SPAM process will be so much more fruitful for having pre-read those strategies and/or business plans. It will enable you to direct your engagement conversations with each service in a targeted manner. It will enable you to give confidence to each service that you understand their 'business', what they are about and what they are seeking to achieve. It will arm you with information around each service that will enable you, deploying your specialist property knowledge and skills, to discuss potential obstacles to their plans or to identify or highlight opportunities that they have missed.

The form that these engagement conversations take is not as important as ensuring that they happen. They could take the form of you as asset manager attending an agenda item on the service management team, or they could involve setting up a dedicated engagement session. The key thing is to make sure that there is sufficient time to explore the areas that need to be explored, that the conversations are not rushed and that each service has ample opportunity to tell you their story and to feel that you have listened and understood.

One caution we need to highlight is the need to ensure that by pursuing engagement with individual services, you do not reinforce service silos in the corporate or strategic planning or management of the organisation's property portfolio.

There are a number of ways that we have found effective in seeking to ensure that this risk is mitigated.

One way is to make sure that before the service engagement conversations commence you have fully appraised yourself of all the various service strategies that exist, so that you can identify opportunities across services for collaboration or joint effort on property-related matters. You can then introduce these ideas into your engagement conversations.

Another way is to establish wider engagement conversations or facilitate workshop-style sessions where you can engage with multiple services at the same time. This can be particularly effective in bringing different ideas together and bringing people together from different services that might not have engaged with one another previously. We have found these sort of sessions to be especially powerful in sparking ideas and opportunities and in breaking down silos. You can often observe conversations taking place that should most likely have happened a long time ago.

Local authorities can be big and complex organisations and it can be dangerous to assume that individual service strategies or business plans have been developed with full knowledge or involvement of other services. We have seen situations where strategy and activity in, for instance, the economic development arena has had no involvement from people in the housing arena, or vice versa. Or strategy and activities in the parks and open spaces arena has had no involvement from people in the leisure services arena, and vice versa.

The obvious third route you could take to break down these silos, is to adopt a combination of both of the methods previously described. The individual service engagement can be used to do a 'deep dive' into a particular service and to cover areas that might not be appropriate to cover with other services in the same room. And this can be supplemented by sessions involving multiple services to provide that mix and cross section of views, and identification of shared opportunities.

## **Draft SPAM strategy documentation**

The service engagement conversations outlined in the previous section should provide you with a good understanding of what each service does, what their objectives are, what their challenges are in meeting those objectives, the way they think and operate and how all this is impacted by and will impact on the organisation's property assets. In short it will provide you with a compendium of issues that need addressing as part of your property asset management strategy.

The starting point for this engagement can often be a list of the property assets which are used by each service. Not only does this focus the conversation around why each asset is there and its purpose, it often results in a conversation about the problems with the assets and any proposals for them or the service operated from them. A by-product of this process can sometimes be that there are a number of assets identified which no service lays a claim to, and the hence the purpose of having them is unclear.

The next stage in the process is to convert this information and ideas gathering, into the property asset management strategy which sets out an overall direction for the organisation's property portfolio. This process involves converting what you have gleaned from your engagement conversations and what you already know about the property portfolio into a cohesive written directional document.

## REMEMBER

The property asset management strategy establishes:

- what you think your future should look like
- where you want to be.

This CIPFA framework document cannot tell you what your strategy should say or look like – the key message from this framework is about adopting a process that will enable you to determine these things. While there may well be similarities in the strategies of similar organisations, your challenges and opportunities will be different to your counterparts and so your strategy needs to reflect these.

In our experience the strategy does not need to be a large document. It should succinctly set out the key strategic themes and be clear to the reader what you are looking to achieve and by when.

We would generally recommend that to increase the awareness and understanding of the context of your strategy, each property asset management (PAM) strategic objective should have associated with it:

- which corporate aim it supports
- the purpose of the PAM strategic objective
- how the organisation intends to go about achieving that PAM strategic objective.

Ideally each of your strategic objectives should also have goals, targets or milestones attached to them which are SMART. The acronym SMART has several slightly different variations, which can be used to provide a more comprehensive definition of goal setting, in other words:

- **S** - specific, significant, stretching
- **M** - measurable, meaningful, motivational
- **A** - agreed upon, attainable, achievable, acceptable, action-oriented
- **R** - realistic, relevant, reasonable, rewarding, results-oriented
- **T** - time-based, time-bound, timely, tangible, trackable.

## Draft SPAM action plan

The next and final stage in the SPAM process is to develop your PAM action plan. This can take many formats, and different organisations will have different preferences in terms of layout and style, so much so that it is beyond the ability of this CIPFA SPAM Framework to set out all of the available options and variations.

This is an action plan, which by definition contains specific actions (or deliverables) that you will be taking as you seek to deliver your adopted PAM strategy. The nature and extent of the actions and deliverables will be dictated by:

- what your PAM strategy says about where you want to be, and by when
- what your challenges and barriers are
- what your relative priorities are
- what resources you have available to you.

What you may well find, as you begin to list out your various actions and deliverables, is that they naturally cluster themselves into identifiable themes or strands. Some of the actions will relate specifically to particular property assets, such as actions around disposal or acquisition, refurbishment, maintenance, re-provision or relocation.

Other actions may relate to the way you are organised and make decisions around property assets, such as developing a corporate landlord model, establishing a corporate asset board, recruiting new staff or skills, revising service planning around assets, establishing internal service level agreements or revising your scheme of delegations or other decision making processes.

And other actions may relate more to the development of policy initiatives, such as an acquisition and disposal policy, the development of service levels or standards around utilisation or condition, third sector lettings policy, partnership policy etc.

We believe it is important to maintain clarity around the nature of the actions and what needs to change. As a consequence, our preference when we develop a PAM action plan is generally to seek to structure the various actions and deliverables under the following three themes:

- policy development
- organisational arrangements
- property specific activities.

In developing your PAM action plan you will necessarily need to reflect on what resources you have available to you and what is achievable. The PAM strategy and action plan can quite easily be undermined by over ambitious targets which have not been formulated with available resources in mind.

You may well also find that each action or deliverable is actually a series of separate actions, and where this is the case we would generally recommend that each of these separate actions be set out clearly as milestones. You may well find that critical path techniques can be useful in identifying the linkages and dependencies on the various actions and deliverables, so that each specific action is addressed in a logical sequence that will get you to your intended destination.

As an example, if you have adopted an action to develop a property maintenance strategy then you may first need to analyse the data you have on the condition of your assets. To do that you might find there are gaps in your data and that condition surveys might need to be commissioned before proper analysis can take place. Your maintenance strategy might be linked to condition standards you are setting and it could be that the standards might vary from asset group to asset group, so work may need to be done on

this as well before the strategy can be written. And this in turn may link to any service level agreements with asset occupants or contractual obligations with landlords or tenants. So in adopting one single action of the development of a maintenance strategy, you can see that there could well be a number of separate and distinct actions that need to happen first. These should all be set out in your PAM action plan.

This sort of approach can bring a discipline to the delivery of your framework through a logical and sequenced action plan. However, caution should be exercised that development of such a logical sequence of actions does not become an excuse for inertia. In many organisations there may well be actions that can be taken immediately while the sequence is fully developed and delivered. Life goes on and nothing stands still, so some immediate practical activity may be beneficial in parallel with strategic activity.

You also need to be conscious of course that if you adopt the themed approach to the PAM action plan that we generally recommend (policy development, organisational arrangements and property specific activities) that your critical path approach could well cross between those three themes. You need to be alert to this in developing anticipated timings on specific actions.

### **'AMP on a page'**

However skilled or disciplined an organisation is in articulating its asset management framework, there is often a temptation to adopt a lengthy suite of documents. Indeed in some circumstances there is a necessity to do so – at least in terms of the action plan – as the organisation has set itself quite a bit to do.

The framework can serve a number of purposes. It clearly is a corporate document that sets a strategy and a series of actions for everyone in the organisation to follow, property staff, service staff, service managers, management board and elected members. In some cases the framework might also serve a purpose in communication with customers, partners and the general public.

So understanding your audience is important in developing your framework. Where the organisation wants a more punchy communication method, they will often ask us to develop what is sometimes termed an 'AMP on a page'. This can and does take a number of different forms and formats, depending on the message that is intended to be communicated and the intended audience for that message. It is beyond the scope of this framework guidance to seek to describe what an 'AMP on a page' might look like for you, because of the number of variables that are possible. But many organisations find them very powerful as a communication tool where simple but cohesive messages need to be conveyed in a straightforward and visual manner. We would definitely recommend that the idea be considered.

## Worked examples

For the purposes of this completely hypothetical worked example, we have devised five PAM strategic objectives:

- Embed a culture that recognises that property assets are a key corporate resource, where decisions need to be made which are linked to corporate and service objectives and balancing a wide number of views and needs.
- Maintain and develop the management of our property assets to improve over time how those assets work for us, optimise returns and minimise the costs of operating them.
- Demonstrate how the innovative use of property assets, in partnership with others, can improve the area and the lives of the people that live, work, play and visit.
- Support economic growth and regeneration in the locality.
- Support the district in meeting its housing need.

These may have some similarity to PAM strategic objectives that you end up with, but that is not why we have included them here. These are intended simply to demonstrate a process of setting out and explaining the PAM strategic objectives. Your own PAM strategic objectives need to be developed following the processes we have recommended through this CIPFA SPAM Framework, so that they relate to your specific circumstances, issues, challenges and aspirations.

As mentioned earlier, for each objective you need to be able to explain what the objective actually means:

- Need to understand corporately why you are doing this ie which corporate aims will be supported by delivering this objective.
- Purpose behind the objective.
- How the objective will be achieved.
- How you will measure success.

The following pages set out the sort of content that may need to be set out in your PAM strategy for each of the PAM strategic objectives.

### **PAM strategic objective 1**

Embed a culture that recognises that property assets are a key corporate resource, where decisions need to be made which are linked to corporate and service objectives and balancing a wide number of views and needs

#### **Which corporate aims this objective supports**

- More homes.
- More jobs.
- Appearance matters.
- Health matters.

- Achieving stability.
- Delivering excellence.

### **Purpose**

- Ensure property assets support delivery of strategic objectives of the council's corporate plan and medium-term financial strategy.
- Provide clear direction for the management of the portfolio.
- Optimise efficient use of resources.

### **We will achieve this through**

- The governance structure put in place through the Asset Management Board.
- A corporate landlord model.
- An asset challenge programme for all assets.
- Aligning financial and service planning with asset planning.
- Ensuring business planning supports investment/disinvestment decisions.
- Effective capital prioritisation model.
- Robust information management.
- Training programme for staff and elected members on strategic asset management issues.

### **How will we measure success?**

Set out here performance targets to demonstrate that the strategic objective above is delivered over the life of the strategy and that progress towards them can be monitored and managed.

## **PAM strategic objective 2**

Maintain and develop the management of our property assets to improve over time how those assets work for us, optimise returns and minimise the costs of operation.

### **Which corporate aims this objective supports**

- More homes.
- More jobs.
- Appearance matters.
- Health matters.
- Achieving stability.
- Delivering excellence.

## **Purpose**

- Ensure ownership and occupation of assets is robustly challenged.
- Occupation and use of assets is optimised and assets are fit for purpose.
- Running costs are minimised.
- Rate of return and opportunity cost of holding assets is fully understood to allow informed decisions on the future of assets.
- Listed and heritage assets are protected.

## **We will achieve this through**

- The governance structure put in place through the Asset Management Board.
- Working with directorates to support their service plans and planning processes to ensure that asset implications are identified and considered at the earliest opportunity.
- Implementing a robust asset challenge process to include all assets including third party occupation of our asset.
- Provide a commercial approach to the council's portfolio to optimise rental income generation from third party use of our assets where feasible.
- Any lease to a third party should be at least overall cost neutral to the council.
- Obtaining comprehensive and accurate data on our asset base.
- Introducing effective performance management of assets.
- Dispose of assets which are either surplus to requirements or not achieving any other strategic objectives.
- Condition survey programme feeding into development of a corporate maintenance strategy.
- Business process reengineering.
- Adopt lifecycle planning in decision making.

## **How will we measure success?**

Set out here performance targets to demonstrate that the strategic objective above is delivered over the life of the strategy and that progress towards them can be monitored and managed.

## **PAM strategic objective 3**

Develop innovative partnerships to maximise the benefit of the corporate asset base and improve the area and the lives of the people that live, work, play and visit.

**Which corporate aims this objective supports**

- More homes.
- More jobs.
- Appearance matters.
- Health matters.
- Achieving stability.

**Purpose**

- Co-location with other partners.
- Develop integrated service delivery partnerships.
- Provide assets that are accessible to communities.
- Listed and heritage assets are protected.

**We will achieve this through**

- Public and partner engagement (including developers).
- One Public Estate.
- Joint service delivery.
- Community asset transfer, transfer responsibility for assets, where appropriate, allowing locality assets to be managed at a local level, delivering local services.
- Explore opportunities for internal shared/integrated assets.
- Sub-regional working/partnerships.
- Work closely with neighbours.
- Developing a strategic approach to ensure responsible stewardship and unlock the potential of historic buildings and heritage assets, particularly those at risk.

**How will we measure success?**

Set out here performance targets to demonstrate that the strategic objective above is delivered over the life of the strategy and that progress towards them can be monitored and managed.

**PAM Strategic Objective 4**

Support economic growth and regeneration in the locality.

**Which corporate aims this objective supports**

- More homes.
- More jobs.
- Achieving stability.

### **Purpose**

Ensure that all the council's key strategies are aligned including financial strategies, investment strategy, economic development strategy, housing strategy and property strategies. This will ensure a holistic approach to maximise opportunities for regeneration, new housing and to stimulate economic growth.

### **We will achieve this through**

- The governance structure put in place through the Asset Management Board.
- Aligning property with economic growth and planning policy.
- Engagement with the private sector and with other public bodies.
- Adopting innovative delivery solutions.
- Holding commercial property assets that are fit for purpose and meet the needs of the business community.
- After consideration of a detailed business case which considers all implications to the council eg legal, whole life costs etc, acquire strategic sites for future development to generate income and act as a catalyst for inward investment.
- Through a review of current property investment/commercial portfolio, identify latent or under-developed income potential and release unproductive investment property where those assets are not meeting any of the council's strategic objectives.

### **How will we measure success?**

Set out here performance targets to demonstrate that the strategic objective above is delivered over the life of the strategy and that progress towards them can be monitored and managed.

## **PAM strategic objective 5**

Support the locality in meeting its housing need.

### **Which corporate aims this objective supports**

More homes.

More jobs.

Achieving stability.

### **Purpose**

To ensure that the locality can provide high-quality affordable homes to meet the needs of the local community.

### **We will achieve this through**

- The governance structure put in place through the Asset Management Board.
- Aligning property with housing strategy and planning policy.

- Acquire strategic sites for future development which will support housing need in the locality.
- Places and policies local plan.

**How will we measure success?**

Set out here performance targets to demonstrate that the strategic objective above is delivered over the life of the strategy and that progress towards them can be monitored and managed.