

A waste of space

BRIAN THOMPSON MRICS is a partner, strategic consulting at Drivers Jonas and a member of RICS Public Sector Advisory Group



Brian Thompson considers the challenges faced by the Office of Government Commerce in promoting and monitoring performance against the targets set out in the High Performing Property five year implementation plan

High Performing Property was launched by the chief secretary to the treasury in November

2006. Its origin goes back to a report by Sir Michael Lyons entitled *Towards Better Management of Public Sector Assets* but the initiative was limited in its application to central government bodies, the custodians of a significant proportion of, but by no means all, public sector assets.

HPP was launched with a blaze of publicity supported by well attended conferences and was seen by many in the property industry as a long-awaited driver of activity in the government property sector in contrast to the earlier relocation initiative, again associated with Sir Michael Lyons, that never quite delivered all its promises.

The language of HPP was also upbeat, positive and business-like – property champions were identified at board level within departments, property asset management boards created, milestones, targets and route maps prepared and all of this

infrastructure was supported by a suite of performance indicators and a comprehensive benchmarking programme.

Targets

HPP has been described as a major change programme. The desired outcomes would certainly require a huge transition in the way government uses space and therefore, by implication, the way government conducts its core business. In the order of £1-£1.5 billion out of a total estates bill of £6 billion was to be saved by 2013.

Other expected benefits included a ‘rationalised and fit for purpose estate that is better aligned to deliver a more efficient service to the citizen’. In short, much less but much more effective space.

While on the face of it a property initiative, it is apparent that fundamental changes in the core business of government must precipitate the realignment of the estate, or at the very least, take place hand in hand.

Many other initiatives targeted at raising the profile of property assets in either a public or private sector environment suffered to some extent from a failure to recognise the organisational changes needed behind the scenes. HPP addressed this head by recommending very clear and laudable changes to governance processes. And the practical guidance proposed the delivery of outputs which the lay observer might have regarded as perfectly reasonably.

Challenges

HPP relied on peer group pressure and goodwill rather more than the power of ‘enforcement’. The presence of league tables of property performance was seen by OGC as a tool that would change behaviour. The natural internal competitive market would drive poor performers to do better. But, how real was this perceived motivating factor? Departments as providers of raw data into a ‘central’ benchmarking system might have been more interested in learning *how* they might improve their performance rather than just where they sat in a league table.

The fact that it was promoted as good practice, aided by a light touch intervention by OGC, helped HPP maintain a safe distance from actions perpetrated by Property Holdings in the past when property strategies appeared to lead or constrain the actions of occupiers whose needs were supposedly being served.

OGC was, however, in a difficult position. On the one hand, it had to be seen to be making a difference and delivering tangible results in terms of property cost savings but, on the other hand, it had to defer to the priorities and perspectives of departments.

The fact that all asset management plans, an absolute fundamental component of HPP, were not submitted by the stipulated deadline indicates a malaise – when the plans eventually arrived, their lack of consistency will have provided an additional challenge for OGC.

Some would argue that OGC needed greater powers of intervention aimed at

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scrutinising and challenging the progress being made by departments and then further intervention in terms of aiding those who appeared to be steering off the route map. This goes to the heart of the role of OGC. Evidence would suggest that the light touch referred to above needs to be capable of being supplemented with a firm grip where pre-conditions are met.

Turning a tanker around is a challenge in itself but a problem facing OGC was the large volume of tankers, of different sizes and moving at different paces. Faced with the enormity of the challenge, there was and remains a lack of capacity to intervene even if the willingness and authority to do so exists.

Incentives and penalties

Peer pressure, the existence of good practice guidelines and light touch intervention appear to be inadequate to effectively change behaviours. Is this surprising where the pressures of 'real' life in departments call for changes to the core business with increasing regularity? Property asset management has never been and never will be a top priority and we must not kid ourselves that 'they' miss the point by not seeing it as such.

Through work done by the National School of Government and others, we can certainly expect a growing appreciation of the contribution property can make to the achievement of public sector objectives. But it will not be a paramount consideration for a departmental board, at least not until there is a supporting suite of incentives and penalties in place that will make it worthwhile senior management focussing their effort on this non-core issue.

While accounting for government accommodation is undoubtedly a complex affair, it doesn't seem too far fetched to expect government accountants to devise a workable system of

internal charging (or recognition) for space that genuinely incentivises occupiers to occupy the optimum amount of space needed for their business.

Similarly, are there ways of allocating funding to departments that takes some account of their economic, efficient and effective use of space? Departments that manage to use less space than provided for in the accommodation 'allowance' would stand to benefit while those using more, or more expensive, space than implied by their allowance would require to make efficiencies elsewhere to offset their excessive property costs.

And assuming a properly constructed asset management plan is put in place in the first instance, it would be possible to link incentives to compliance with the plan.

Resources

The Professional Skills for Government competency framework is aimed at raising the bar within government by providing opportunities to gain skills and acquire competencies in a range of specialist areas. As indicated above, the National School of Government provides training in property asset management and build on recently published RICS public sector asset management guidelines which are available from www.publicsectorassetmanagement.com

Despite these programmes of action, there remains a capacity issue at departmental level to implement guidance emanating from the centre.

OGC frameworks for professional services exist to supplement the public sector's capacity but is this enough?

This challenge must be addressed in parallel with the inevitable call for further action and innovation that will accompany the launch

of the recommendations of the operational efficiency programme.

Conclusion

In retrospect, and despite a few occasions of 'slippage', an awful lot of progress was made in a short period of time thanks to HPP. While the local authority sector, for example, has been subjected to regular and frequent overviews of performance from an asset management perspective and the notion of asset management planning has been embedded in practice for many years, central government is a relative novice.

In some respects, such as the establishment of property champions and the surrounding governance arrangements, it could be argued that central government now leads the way thanks to HPP and OGC's efforts.

It should now be apparent, however, that scrutiny, challenge and proactive intervention should become more commonplace activities if change is to be effected. And if government can devise a simple but effective mechanism that incentivises good asset management practice, it should be possible to imagine a day when both the government and its property advisers are targeting the same objectives and working increasingly closely together.

In the light of all of this, the OGC's recent launch of a further campaign to encourage the use of a new self assessment tool which aims to raise asset management standards across the civil estate can only be welcomed.

It is, however, important to recognise the importance of the property professional if the OGC is to deliver on its aim of managing the civil estate in the most sustainable, efficient and cost effective way, to ensure better value for money for the taxpayer and better results for the environment.

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