







Northern Ireland Audit Office

The  
**Strategic  
Investment  
Board**

---

# **A Strategic Approach to the Use of Public Sector Assets**

**A Good Practice Guide for Local  
Government in Northern Ireland**

---

21 October 2021



# Contents

	Page
<b>Foreword to the Guide</b>	<b>5</b>
<b>Abbreviations and Glossary</b>	<b>7</b>
<b>Nine core components of good Asset Management</b>	<b>9</b>
<b>Executive Summary</b>	<b>11</b>
<b>Part 1      Establishing the context for delivery:</b>	<b>17</b>
Asset Management Strategy (AMS)	18
Asset Management Plan (AMP)	22
<b>Part 2      Establishing the governance to support delivery:</b>	<b>27</b>
Asset Management Policies	28
Asset Management Champion	28
Multi-disciplinary Approach	30
A Challenge Function	32
<b>Part 3      Developing asset management capability:</b>	<b>37</b>
Asset Register	38
Benchmarking and Performance Management	42
Risk Management	43
<b>Annexes:</b>	<b>45</b>
Annex A – Asset Management relationship with the property function	46
Annex B – Notes accompanying Figure 6 Asset Register Core Data	47
Annex C – Examples of Asset Management Performance Indicators	48
Annex D – Key Suggested Reading	53
Annex E – Checklist for Local Councils	54
<b>Acknowledgements</b>	<b>57</b>



## Foreword to the Guide

When Local Government Reform took effect in 2015 local government bodies inherited a large portfolio of land and property assets both from the old councils and also, for some of the additional responsibilities assigned to them at the time, from central government for some of the additional responsibilities assigned to them at that time. Given increasing resource pressures, it is essential that local government is able to demonstrate its ability to make best use of these valuable public sector assets. This good practice guide aims to encourage more collaboration and consistency in asset planning across the public sector. Based on the nine core components of good asset management, as outlined in the Local Government Auditor's Report 2019 (<https://www.niauditoffice.gov.uk/publications/local-government-auditors-report-2019>), this guide proposes ways to improve and enhance the effectiveness and efficiency of land and property asset management. It draws on various sources of best practice and research and includes several practical case studies.

This guide is primarily aimed at senior council officers and those involved in land and property asset management in Northern Ireland's local government. The guide will also be of use to elected members who have decision-making powers in respect of the use of local government assets. Annex E of the guide provides a checklist for local councils. This is designed to support them in assessing and enhancing their current practices.

This guide is a collaboration between the NIAO and the Strategic Investment Board (SIB), as advisors and experts on asset management within Northern Ireland's public sector. This guide is neither prescriptive nor definitive but rather offers guidance and signposts clear and concise advice. We hope it will prove useful.



**Local Government Auditor**  
Colette Kane



**CEO of Strategic Investment Board**  
Brett Hannam



# Abbreviations and Glossary

<b>Asset</b>	The phrase 'asset' is subject to multiple definitions, with different professions ascribing different meanings to the term. For example, property (asset management) professionals will typically think of assets as land and property interests, which require management and investment and potentially carry some form of operational, reputational and/or financial risk. Finance professionals by way of contrast will tend to think about non-current tangible assets that are valued and depreciated for accounting purposes. Corporate finance professionals on the other hand may think of an asset as an entity with a legal title against which financial charges can be placed when raising and managing finance. It is the first of these interpretations, which is typically most relevant when considering modern public sector asset management practices.
<b>Asset Register</b>	For the purpose of asset management the asset register will describe operational and legal responsibility rather than financial value. An asset register for asset management purposes must be available to describe all land and property assets owned, leased and occupied by a council. The asset register should be actively maintained and publically available. It might be different from any register maintained for accounting or treasury purposes in that it will detail all land and property interests irrespective of financial value.
<b>Asset Management</b>	ISO 55000 promotes the concept of managing assets to add value to the core business of an organisation by, among other things, systematically translating the core objectives of the organisation into a documented plan for assets. It defines asset management as 'the coordinated activity of an organisation to realise value from assets'.
<b>Asset Management Champion</b>	A Council Directorate (and senior officer) identified as holding responsibility for managing and optimising the value (monetary and non-monetary) derived from a council's land and property interests.
<b>Asset Management Plan (AMP)</b>	An Asset Management Plan (AMP) describes how the Asset Management Strategy is to be implemented across all land and property assets. It will describe activities such as investment, divestment, funding, partnering arrangements, income generation, capital programmes, risk management and community engagement. It will cover a three to five year time horizon and describe budget and income implications associated with the plan.
<b>Asset Management Strategy (AMS)</b>	An Asset Management Strategy (AMS) describes the way in which council-owned, leased land and property assets will be utilised to support service delivery and the delivery of wider civic policy outcomes, such as those described in the Council Community Plans. The time horizon is typically five to ten years.

<b>Community Plan</b>	All 11 Councils have in place a Community Plan, typically detailing the next 15 years or so. It defines a number of outputs relating to the community, wellbeing, economy and the environment. It describes many of the social, economic and environmental outcomes that the Asset Management Strategy and Plan will support.
<b>CIPFA</b>	The Chartered Institute of Public Finance and Accountancy
<b>DoF</b>	Department of Finance
<b>GIS</b>	Geographic Information System
<b>KPIs</b>	Key Performance Indicators
<b>LPS</b>	Land & Property Services
<b>OSNI</b>	Ordnance Survey of Northern Ireland
<b>Public Sector Asset Management</b>	The Royal Institution of Chartered Surveyors (RICS) describes public sector asset management as “the process which aligns business and property asset strategies, ensuring the optimisation of an organisation’s property assets in a way which best supports its key business goals and objectives”. Source: RICS Public Sector Asset Management Guidelines (RICS 2008).
<b>QUB</b>	Queen's University Belfast
<b>RICS</b>	The Royal Institution of Chartered Surveyors
<b>SIB</b>	Strategic Investment Board
<b>UPRN</b>	Unique Property Reference Number

## Nine core components of good Asset Management

### The Local Government Auditor's Report, 2019, described nine core components of good Asset Management

#### Establishing the context for delivery

##### **ASSET MANAGEMENT STRATEGY**

Describes the way council-owned and leased land and property assets will be utilised to support service delivery and wider civic outcomes

##### **ASSET MANAGEMENT PLAN**

A multi-year plan describing how the Asset Management Strategy will be implemented across all assets

#### Governance to support delivery

##### **ASSET MANAGEMENT POLICIES**

Appropriate operating policies and guidance covering matters such as disposal, income generation etc

##### **ASSET MANAGEMENT CHAMPION**

A senior officer identified as holding responsibility for managing and optimising the value derived from land and property assets

##### **MULTI-DISCIPLINARY APPROACH**

Asset management draws upon legal, financial and property expertise. The Asset Management Strategy and Asset Management Plan should align with the Corporate Plan and Community Plan

##### **CHALLENGE FUNCTION**

All asset holdings should be regularly challenged at a senior management and committee level to ensure they are correctly configured and support the delivery of public services and civic outcomes

#### Developing asset management capability

##### **ASSET REGISTER**

An actively maintained publicly available comprehensive asset register describing all land and property assets owned, leased and occupied by a council

##### **BENCHMARKING & PERFORMANCE MANAGEMENT**

Benchmarking the functional and economic performance of the asset base compared to other comparative portfolios

##### **RISK MANAGEMENT**

Asset risks identified and managed or mitigated in line with the Asset Management Plan

### Project 24, Bangor



*This use of vacant space in town centres demonstrates an economical, cost effective way of bringing footfall to town centres and providing opportunities for start-up businesses.*

**Source:** Ards and North Down Borough Council.

### Ards Blair Mayne Wellbeing and Leisure Complex



*The new Leisure and Wellbeing Complex at Newtownards has significantly increased access to health and wellbeing provision.*

**Source:** Ards and North Down Borough Council.

## Executive Summary

1. The intention of this good practice guide is to describe effective and efficient public sector asset management in a way that is accessible to both practitioners and non-practitioners alike.
2. The primary responsibility of public bodies in Northern Ireland is to serve the public interest. In practice, this responsibility is demonstrated in many different ways. It is particularly evident and tangible through the provision of public services and the provision and management of public sector land and property assets. Increasingly, the land and property assets occupied, owned and managed by public bodies are treated as a measurable component of corporate planning, one which must be provided in the same effective and efficient way as other organisational resources. Going forward, the public sector should ensure resources are focused on retaining, investing in and maintaining only those land and property assets that directly support the delivery of public services or broader civic outcomes. This requires local government to actively manage its land and property assets to, ensure the assets held reflect public service demand and broader strategic and community need.
3. The key benefit of taking this approach is that it allows local government resources to be focussed on what matters most, such as the Community Plan objectives and the associated outputs relating to the economy of our towns, the health and wellbeing of the citizens and the care of the environment.
4. The challenge moving forward is in some respects about doing more with less, while at the same time responding to the ever-changing demands of society. In some cases, this may mean doing things differently. As a result, public sector asset management practices, which support public service delivery and civic outcomes, have found a new and increased relevance. Drivers from inside and outside the public sector increasingly mean 'the old ways' of managing land and property assets need to be adapted, in the same way that public sector operating models have evolved and changed in response to the changing demands of society. Drivers for new ways of working include: austerity; an emphasis on improved collaboration; service transformation; climate change; the Covid-19 pandemic recovery; and advancements in technology.
5. Public sector asset management is by no means a new concept, with a history in both central and local government dating back more than 20 years. Despite this fact, public sector asset management tends to get confused with related activities, such as property management, facilities management and capital project delivery, all of which complement the asset management function. Activities such as property management, facilities management and capital project delivery are typically more operational, tactical in nature, and provide the means by which the asset management function is delivered. **Annex A** illustrates the relationship between the asset management discipline

## Executive Summary

and the transaction, property and building management functions, which ultimately support the delivery of asset management practices.

6. Central and local government currently owns and manages a significant number of public assets across Northern Ireland, which are employed to support the delivery of public services. Local government in Northern Ireland owns and manages land and property assets valued in excess of £2.7 billion<sup>1</sup>, with a small proportion (£3.1 million) surplus to requirements or held for future development. It is important to remember that, after the block grant and public sector staff, public sector assets are the next most significant resource at the disposal of the public sector in Northern Ireland to help support service delivery. Public sector asset management principles and practices help protect the integrity and viability of our public sector services, as well as supporting the delivery of existing and emerging policy objectives.
7. This guide is not prescriptive or definitive, but instead centres around nine core components which should help any local government to structure and bring forward modern public sector asset management practices, specifically:

### Establishing a context for delivery:

**Asset Management Strategy (AMS):** an Asset Management Strategy will describe the way in which council-owned, managed and occupied land and property assets will be utilised to support service delivery and the delivery of wider civic outcomes, such as those described in the council's Community Plan. The time horizon is typically five to ten years. The AMS acts as a bridge between a council's land and property assets and the Corporate Plan or corporate objectives. It aims to ensure a council's land and property assets are worked and configured to support the delivery of long-term corporate objectives. The AMS sets the direction for change and improvement.

**Asset Management Plan (AMP):** an Asset Management Plan should be developed and published, describing how the AMS will be implemented across all land and property assets. This should focus on delivery over a three to five year time horizon and act as the bridge between strategy and operational delivery. It is tactical in nature, clearly identifying how and when change will be implemented.

---

<sup>1</sup> Figure calculated by NIAO based on the 11 councils' balance sheet net book valuations of land and property as at 31 March 2020.

### Governance to support delivery:

**Asset Management Policies:** Asset Management Policies are made up from a suite of policies including operating policies, standards and guidance developed specifically to address matters such as: investment; divestment; funding; partnering arrangements; income generation; capital programmes; risk management; asset performance; net-zero carbon and community engagement. Asset Management Policies should be made readily available to all staff and be periodically reviewed and updated to ensure they are appropriate, relevant and compliant with statute.

**Asset Management Champion:** a senior officer will be identified as holding responsibility for managing and optimising the value derived from a council's land and property assets. The value derived from land and property assets is both financial and non-financial. The Asset Management Champion will have responsibility for effecting change and improvements within the asset base, as well as managing the performance of the asset portfolio.

**Multi-disciplinary approach:** asset management draws upon legal, financial and property expertise. The AMS and AMP should demonstrate alignment with the Corporate Plan and a council's Community Plan. A multi-disciplinary approach supports achieving such alignment. It is important to note that asset management should not be confused with design and construction services, which help deliver the asset management strategy and plan.

**Challenge function:** all asset holdings should be regularly challenged at a senior management and committee level, to ensure that they are correctly configured and actively working to support the delivery of public services and civic outcomes. There is a natural tendency to hold onto public sector land and property assets without always appreciating that they consume finite financial resources, and that they can result in liabilities, adding to organisational risk. Failure to actively manage public sector land and property assets can, over time, undermine public service delivery and policy objectives, while failure to adopt an asset management led approach to land and property assets can result in inefficiencies, undermining value for money, and ultimately result in asset failure. The adoption of modern public sector asset management practices complements the principles captured in the Prudential Code<sup>2</sup>.

2 <https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2017-edition-book>

## Executive Summary

### Delivering asset management in practice:

**Asset Register:** a comprehensive asset register will be available to describe all land and property assets owned, leased and occupied by a council. The asset register will be actively maintained and publically available. It is important that public sector land and property assets are accounted for, and that all interests are transparent to the general public.

**Benchmarking / Performance Management:** the functional and economic performance of the asset base should be compared regularly to other comparable portfolios (or between similar assets within the same portfolio), to help determine relative performance and what actions might be appropriate to optimise the portfolio. Benchmarking and performance management should actively consider a wide variety of metrics and Key Performance Indicators (KPIs), including financial performance, utilisation, user satisfaction, carbon footprint, asset life etc.

**Risk management:** asset risks should be identified and managed or mitigated in line with the AMP. This requires skills and techniques from a range of professional disciplines. As budget pressures increase and asset portfolios age, combined with the requirement to do more with less, the financial, functional and legal risks increase. The focus of risk management should be on the risk to achieving organisational objectives, rather than simplistic and specific asset risks which are more tactical in nature. The risk management process should link to and inform the investment decision-making process. Investments should be considered based on the risk to achieving corporate and civic objectives, **not** merely on the condition of the assets, immediate costs, and long-term liabilities.

8. This good practice guide incorporates a number of case studies, which help illustrate the practical application of some of the concepts and theory. Excellent work is already underway within councils and the wider public sector in Northern Ireland, to embed and implement modern public sector asset management. In addition, options for further reading are highlighted at **Annex D**.
9. It is anticipated that the role and relevance of public sector asset management is likely to increase further in the years ahead, helping to create and deliver more social and economic value through the land and property assets owned, occupied and managed by the public sector as a whole.

## South Lake Leisure Centre, Craigavon



## Foyer of South Lake Leisure Centre, Craigavon



*The new Leisure Centre at Craigavon has significantly increased access to health and wellbeing provision.*  
**Source:** Armagh City, Banbridge and Craigavon Borough Council.



# **Part 1: Establishing the context for delivery**

**Asset Management Strategy (AMS)**

**Asset Management Plan (AMP)**

## Part 1: Establishing the context for delivery

**This Part describes the role of the Asset Management Strategy and the Asset Management Plan in creating a context for delivery. Collectively these documents will describe the direction of change and how the change will be realised. As such they articulate the context in which a council will operate and deliver modern public sector asset management practices.**

### The role of an Asset Management Strategy (AMS)

- 1.1 An Asset Management Strategy describes the way in which council-owned, managed and occupied land and property assets will in the future be deployed and configured to support service delivery and the delivery of wider civic outcomes, such as those described in a council's Community Plan. The time horizon for an AMS is typically five to ten years or more.
- 1.2 As previously highlighted, the asset management function seeks to align the asset portfolio with the needs of the organisation. Corporate (or policy) objectives express the needs and wishes of the organisation at a high level. The asset requirements to deliver these corporate (or policy) objectives should be expressed in a medium/long-term plan (five to ten years or more), through the AMS.
- 1.3 The AMS acts as a bridge between a council's land and property assets and the Corporate Plan, and sets the direction for future change and improvement.
- 1.4 The basic concept of organising, configuring and investing in land and property assets to support the delivery of strategic corporate outcomes sits at the heart of any effective AMS. This approach treats land and property as important enablers in the realisation of corporate objectives and the delivery of public services.

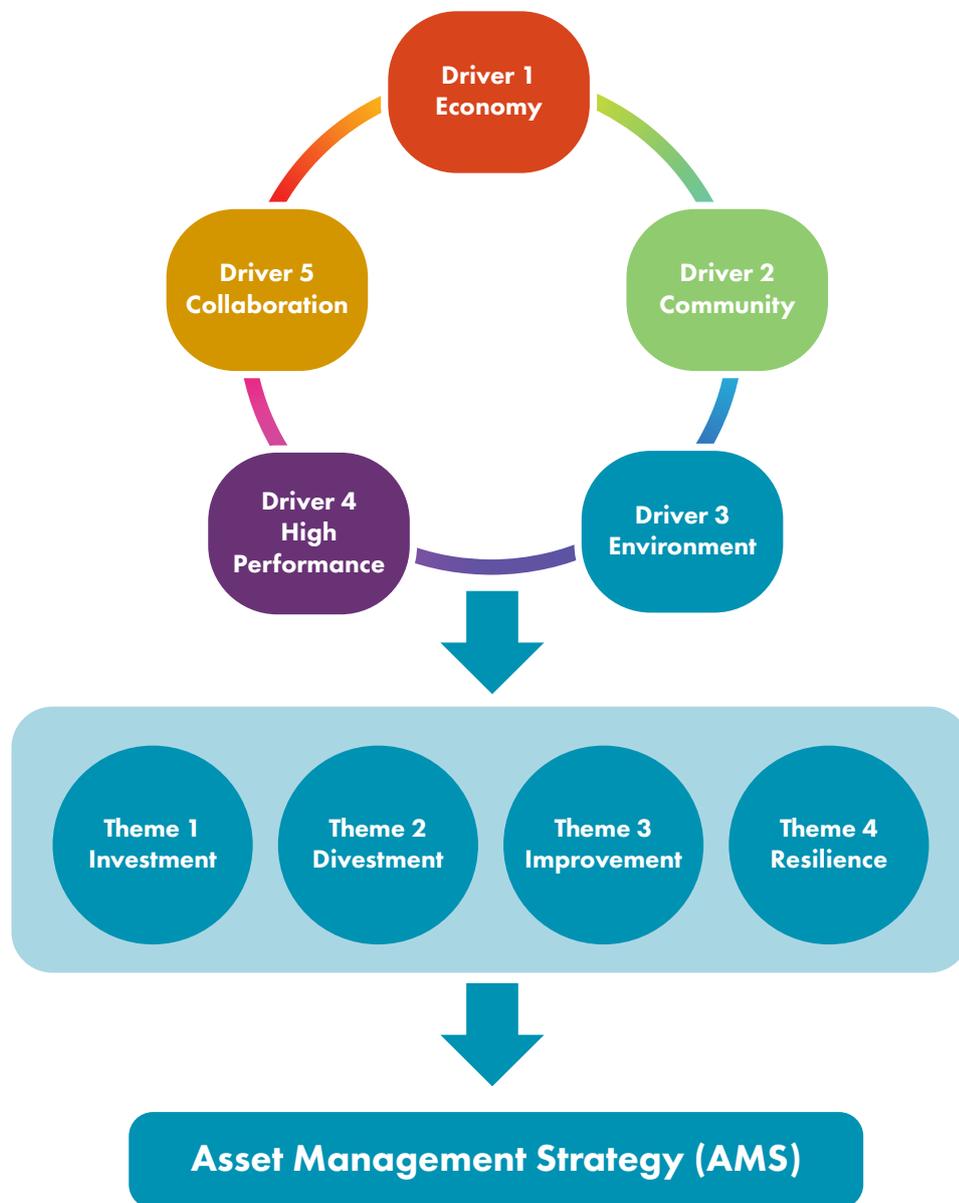
### The development of an Asset Management Strategy (AMS)

- 1.5 Whilst there are templates available that will provide a framework for building an AMS, it is critical that each AMS is tailored to the specific requirements of each individual council. It is also important that key stakeholders, such as members, officers, private sector business and the public, are consulted during the development of the AMS.
- 1.6 Each AMS could be based on two key aspects, namely:
  - a. **Strategic Drivers:** these typically define what is important to a council at a strategic level, and tend to be sourced from the Community Plan and Corporate Plan, along with wider policy reference points such as the Programme for Government. They include key objectives relating to: the community; people; economy; health; regeneration; place-making; tourism and the environment; and

- b. **Delivery Themes:** these typically consider the way in which the AMS will be expressed or realised in practice and might, for example, cover matters such as: investment; divestment; performance; improvement; partnering; and maintaining services.

1.7 The AMS is developed through a process of debate and constructive challenge, drawing on evidence and analysis (see **Figure 1**), to determine how a council’s land and property assets can best support the delivery of its strategic objectives, giving consideration to the strategic drivers.

**Figure 1: Strategic Drivers within the Asset Management Strategy process**



Source: SIB

## Part 1: Establishing the context for delivery

- 1.8 In practice, this activity benefits from an iterative approach, using facilitated workshops to collate valuable insights and knowledge from key internal and external stakeholders. Such an approach ensures that there is organisation-wide participation and that the requirements of the entire organisation are fed into describing how best to organise, configure and invest in the asset base at a strategic level.
- 1.9 All the councils in Northern Ireland are undergoing a significant period of positive transformation, with a refreshed focus on communities, economic regeneration, tourism and the local environment, as well as the realignment of public services with the new and emerging requirements of local residents and businesses. The community planning process underpins this activity. Central to this transformation is the requirement for prudent resource management, ensuring long-term financial stability, value for money and sustainable growth. The physical infrastructure along with council-owned land and property assets, contribute significantly to generating social and economic wellbeing.

### ***Case Study 1: Ards and North Down Borough Council's development of an Asset Management Strategy (AMS) entitled 'An Estate Strategy for Ards and North Down Borough Council for the period 2020-2025'***

Ards and North Down Borough Council critically examines the land and property assets it owns, manages and leases on a periodic basis, to ensure that they align with, and support the delivery of agreed civic objectives and priorities.

The Council has 760 property interests, most of which are owned (13 are leased), located across approximately 400 locations. These include: 164 parks and open spaces (over 90 sites); 86 car parks (including off-street car parks); 47 play parks; 16 cemetery sites; 13 marinas and harbours; 9 offices; 20 community centres; 16 recycling centres and depots; and 74 playing fields (over 35 sites).

**Strategic Drivers:** The Council's AMS was prepared in 2018, based on a review of all land and property interests and a comprehensive analysis of the Council's strategic drivers using the process outlined above (see **Paragraphs 1.7 to 1.9**). The Council's strategic drivers included:

- Strategic Driver 1: Thriving economy;
- Strategic Driver 2: Healthy safe community;
- Strategic Driver 3: Sustainable and accessible environment;
- Strategic Driver 4: High performing council; and
- Strategic Driver 5: Collaborative public sector approach.

### **Case Study 1: (Continued)**

**Guiding Principles:** The Council's AMS also included five guiding principles to help shape and inform decision-making and implementation:

- **One public estate:** the idea that the estate will be managed and operated in an integrated fashion, creating efficiencies and reducing risks, where possible, interacting and collaborating with other public bodies and organisations.
- **Whole Borough approach:** the idea that planning the use of land and property assets will adopt a holistic and whole system based approach, looking across the Borough in its entirety, considering all parts of the Borough equally at the same time.
- **Partnering to maximise value and impact:** working on the principle that the Council is stronger together, seek out opportunities to partner with public, private and third sector organisations.
- **Maximising investment:** prioritising opportunities to attract new and different forms of investment.
- **Strategic and sustainable investment:** investment planning and investment decision-making that takes a long-term view, focusing on how to create positive and sustainable outcomes for the residents and businesses of Ards and North Down.

**Delivery Themes:** Four high level delivery themes were adopted within the AMS:

- Delivery Theme A: Investment;
- Delivery Theme B: Divestment;
- Delivery Theme C: Performance Improvement; and
- Delivery Theme D: Maintaining Public Services.

The combination of these strategic drivers, guiding principles and delivery themes formed the basis of a process of analysis, debate, critical evaluation and prioritisation that led to an AMS that described a series of strategic outcomes for the next five years.

*Source: SIB*

## Part 1: Establishing the context for delivery

- 1.10 In the case of Ards and North Down Borough Council, a decision was taken early on to centralise the asset management decision-making processes. This introduced a dedicated forum that included all senior staff involved in managing the Council's land and property assets, as well as those involved in delivering public services through the Council's land and property assets.
- 1.11 This approach ensured that all discussions associated with the asset base converged in a formal and centralised forum, improving internal governance and alignment.

### The importance of an Asset Management Plan (AMP)

- 1.12 An Asset Management Plan is a tactical plan describing how an organisation's assets will be reorganised and changed to support one or more agreed outcomes. Typically, an AMP will cover an entire portfolio of assets, especially where the assets are co-dependent and are required to work together to support the delivery of public services.
- 1.13 An AMP should be developed and published, describing how the AMS will be implemented across all assets. This should as a minimum describe activities, such as: investment; divestment; funding; partnering arrangements; income generation; capital programmes; and community engagement. The AMP will have a strong emphasis on how the desired outcomes will be achieved.
- 1.14 The AMP will typically cover a three to five year period. The emphasis will be on the actions and activities planned to move the asset base towards an optimum size, composition, risk profile, and configuration etc. It can also be thought of as a change plan, focusing on delivery, and is frequently articulated as:

- where we are?
- where we want to get to? and, importantly
- how we plan to get there?

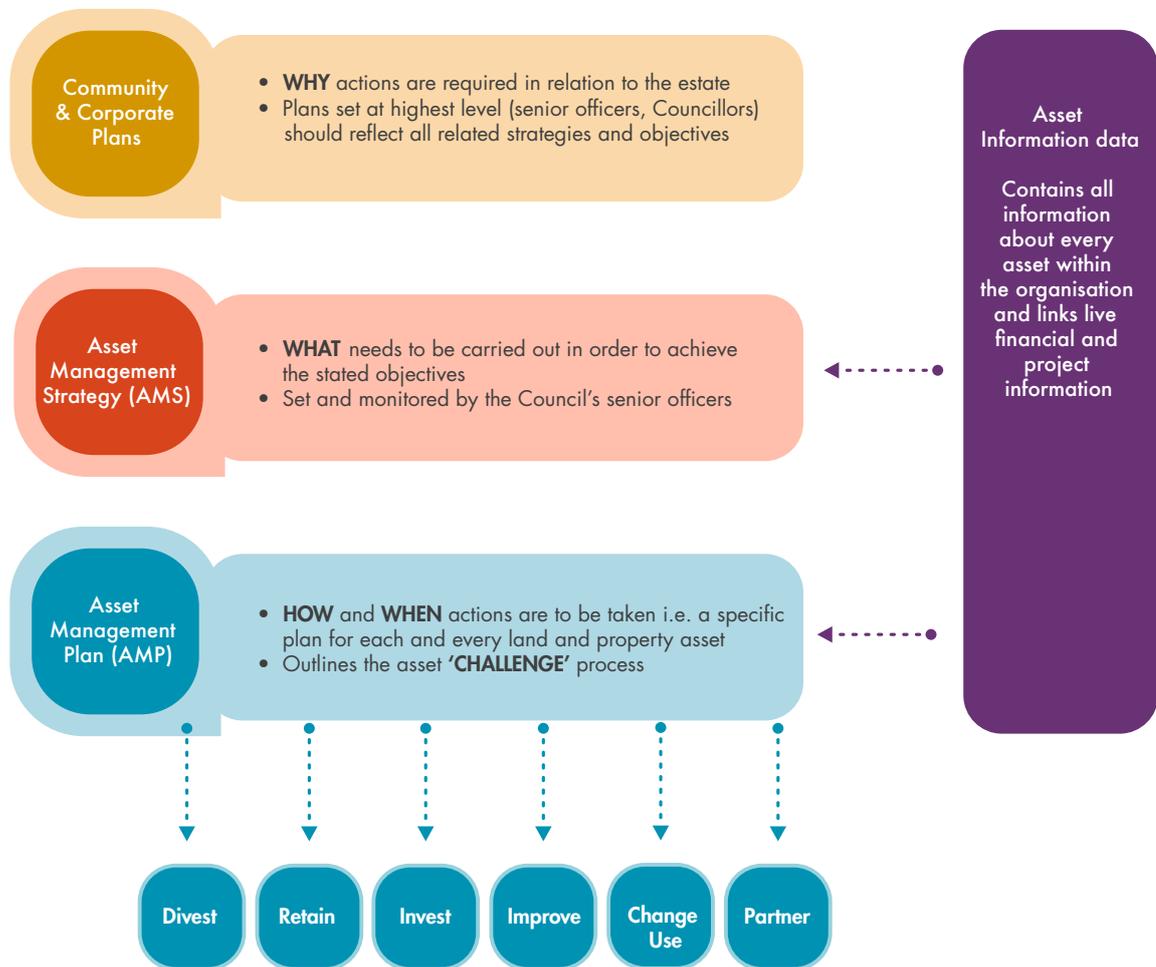


- 1.15 The AMP may also contain details on key metrics, KPIs and targets to support benchmarking, performance monitoring and progress reporting.

## The development of an Asset Management Plan (AMP)

1.16 The development of an AMP is a logical follow-on from the creation of an AMS, whereby the delivery themes and strategic drivers (see **Paragraph 1.6**) will logically flow from those already identified in the AMS (see **Figure 2**).

**Figure 2: The Local Government Asset Management Framework**



Source: SIB

## Part 1: Establishing the context for delivery

1.17 The AMP translates the AMS into practical activities and projects, clearly describing a change from the status quo to a different future state, considering:

- Currently, what is the council holding, in terms of land and property?
- Where does the council want to be in three to five years' time, in terms of land and property assets?
- How does the council plan to get there?



1.18 The process of creating an AMP should be data driven and evidence based, with the AMP linking to the corporate planning process. It will incorporate and link to the capital and revenue plan for the council's land and property assets, ensuring capital requirements and revenue consequences are aligned. For example, consideration should be given to:

- asset specific capital and revenue costs;
- tenure details;
- whole life costs;
- remaining life;
- energy costs;
- benchmarking information; and
- other key aspects such as utilisation, user satisfaction etc.



## Who are the stakeholders for the Asset Management Strategy (AMS) and the Asset Management Plan (AMP)

1.19 The stakeholders for the AMS and AMP will include:

- **Elected Members:** both the AMS and AMP support evidence based decision-making in relation to investment, divestment, risk management and managing long-term financial liabilities and opportunities.
- **Council Directors and Heads of Service:** both documents help senior management identify how assets will be reconfigured and deployed differently to support public sector service delivery and improve public sector outcomes.
- **Citizens:** the AMS and AMP can be useful in helping to communicate with the public, helping them understand the existing priorities.
- **Estates and Asset Management function:** the process of preparing the AMS and AMP is useful in supporting a structured and evidence based dialogue internally. Once complete, the AMS and AMP create a roadmap for resource planning and investment planning.
- **Public Sector and Third Sector partners:** the AMS and AMP make clear the council's requirements and opportunities for collaboration.

## Part 1: Establishing the context for delivery

### Connswater Community Greenway



*Connswater Community Greenway has created a huge opportunity for the citizens of East Belfast to benefit from a clean accessible route for walking, cycling and socialising.*

**Source:** Belfast City Council.

### Diversity Play Park, Portstewart



*This diversity play park is an example of a play park for all and a great use of space.*

**Source:** Causeway Coast and Glens Borough Council.

# **Part 2: Establishing governance to support delivery**

**Asset Management Policies**

**Asset Management Champion**

**Multi-disciplinary Approach**

**A Challenge Function**

## Part 2: Establishing governance to support delivery

**This Part describes the importance of establishing asset management policies, a champion, adopting a multi-disciplinary approach, and implementing a challenge function.**

### The importance of Asset Management Policies

- 2.1 Significant resources are invested in evaluating detailed and complex matters relating to land and property assets in all councils. Decisions relating to land and property matters can be complex, costly and come with significant financial and reputational risk. Creating and maintaining a suite of asset management policies, covering asset management considerations, can: reduce risk; aid delivery; bolster governance; improve efficiency and ensure that decisions relating to land and property assets are transparent and consistent.
- 2.2 Asset management policies should consider matters such as: land acquisition; asset disposal; land banking; income generation; development partnering; social clauses; lease management; asset utilisation; subletting; sustainability; transitioning to net-zero carbon; asset performance; risk management; commercial sponsorship etc. This allows a council (senior officers and members) to operate with confidence to support active asset management.

### Developing Asset Management Policies

- 2.3 Asset management policies can be developed in two ways, firstly by reviewing and updating existing policies to ensure that they reflect modern asset management practices and principles and secondly, by developing a new set of dedicated policies focused exclusively on asset management practices.
- 2.4 Whichever approach is adopted, asset management policies should be implemented on a cross-organisational basis, to ensure that decisions are integrated into wider corporate decision-making and corporate resource planning. Similarly, a multi-disciplinary approach should be adopted, drawing together legal, financial and technical considerations. The asset management policies should be reviewed and updated on a regular basis, to ensure compliance with good practice and legislation.

### The importance of an Asset Management Champion

- 2.5 Asset management practices work most efficiently if managed through a well co-ordinated internal governance structure, ideally with a single senior officer taking overall responsibility for the performance of the asset base and associated outcomes. This does not necessarily require one dedicated directorate, but as a minimum requires an 'assets forum' in which alignment and collaboration is encouraged and facilitated (see **Figure 3**).

**Figure 3: Collaboration with the Asset Management Champion**



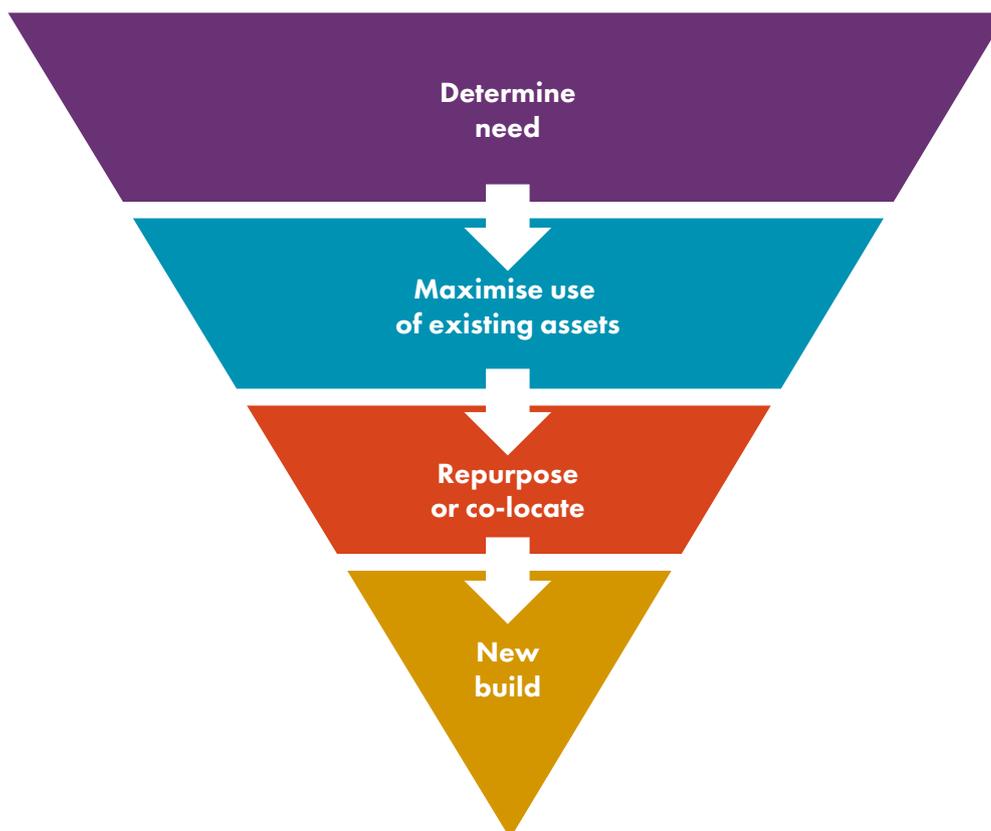
*Source: SIB*

- 2.6 It is recommended that each council should appoint a dedicated Asset Management Champion who can provide leadership in relation to asset management practices. This individual is sometimes thought of as the in-house ‘corporate landlord’ who has overall responsibility and authority (subject to appropriate oversight from elected Members etc.) for ensuring the correct assets are retained and are organised and maintained to support corporate and civic priorities.
- 2.7 Ideally a council director / senior manager should be identified as having responsibility for managing and optimising the value derived from a council’s land and property assets, and achieving the outcomes and actions as stipulated in the AMS and AMP. This individual will also help manage the balance between investment in new assets versus investment in existing assets,

## Part 2: Establishing governance to support delivery

which is increasingly important as we face the implications of the net-zero carbon agenda<sup>3</sup> and ageing asset portfolios which carry significant inherent liabilities. These considerations are outlined in **Figure 4** below.

**Figure 4: The Investment Hierarchy when reviewing existing assets**



Source: SIB

### Importance of a multi-disciplinary approach to Asset Management

- 2.8 It is critical that all disciplines within an organisation which deal with asset management activities in their daily roles are co-ordinated, consistent, and aligned with the organisation's objectives. This is where the importance of an AMS, AMP and Asset Management Champion demonstrate their value by providing focus, structure and clearly defined outcomes.
- 2.9 Furthermore, this multi-disciplinary approach to asset management, through the establishment of an overall 'assets forum' within each council, can deliver a collaborative approach to overall public sector estate planning and management. This 'assets forum' would be led by the Asset Management Champion.

<sup>3</sup> In June 2019, the Westminster parliament passed legislation requiring the UK Government and the devolved administrations to reduce the UK's net emissions of greenhouse gases by 100 per cent relative to 1990 levels by 2050.

## Developing a multi-disciplinary approach to Asset Management

2.10 The skills and disciplines required for modern multi-disciplinary asset management include:

- legal skills;
- property skills;
- financial skills;
- data analytics and modelling skills;
- planning and geospatial modelling skills;
- technical and project management skills (to support delivery); and
- planning functions, brought into this 'asset forum' as required.



2.11 This multi-disciplinary asset management function, whilst in some cases led from within one directorate, may comprise officers from different directorates. The key point is that the requisite skills come together regularly, and as appropriate, for the purpose of progressing and delivering the AMP. It is important that a council invests in acquiring the right skills to develop and implement modern asset management practices.

## The importance of a Challenge Function

2.12 Establishing a challenge function is important to help ensure risks and issues are identified and managed, and that inefficiencies are not overlooked.

2.13 There are three main aspects to a challenge function:

a. The first is for an internal committee or 'assets forum' to periodically challenge the approach taken by a council towards each individual land and property asset, asking questions like:

- Why do we have this asset?
- Is it good value for money?
- Are others better placed to provide this asset?
- When will we need to replace this asset?
- Will the replacement be different?
- How will we fund the repair or replacement?
- Is this asset financially inefficient?



## Part 2: Establishing governance to support delivery

- Does this asset create long-term financial liabilities which cannot be serviced?
  - How does this asset support the place-making agenda<sup>4</sup>?
  - Is this asset a legal, financial or operational risk?
  - Is this asset carbon efficient?
  - Could the asset be used differently to support a more pressing social or economic need?
- 

- b. The second is the use of existing internal and external audit functions to challenge the use of land and property assets, seeking assurance that assets are being held and maintained to an appropriate standard.
- c. The third is public scrutiny, an aspiration which could be achieved through publishing an asset register. This allows the public and other public sector bodies to actively ask why assets are being held or managed in a particular way by a council.

2.14 The challenge function supports good governance, value for money and risk management, as well as encouraging active asset management.

### Establishing a Challenge Function

- 2.15 There is no single approach to establishing a challenge function. For example, it could be established by utilising existing arrangements, such as a Community Planning forum. This forum can identify opportunities for taking forward collaborative outcomes and provide a challenge function, and comprises a range of external stakeholders with needs broadly aligned to those of the council's.
- 2.16 Alternatively, an external panel of private sector experts (property, financial and legal) can be established with no vested interest in the council's land and property assets. This can provide an independent, professional perspective.
- 2.17 Equally, an internal 'assets forum', or committee as described in **Paragraph 2.9**, can be established, with appropriate terms of reference that include actively challenging the council's individual land and property assets.
- 2.18 **Case Study 2** outlines how Queen's University Belfast (QUB) has put in place arrangements which support many of the concepts described above.

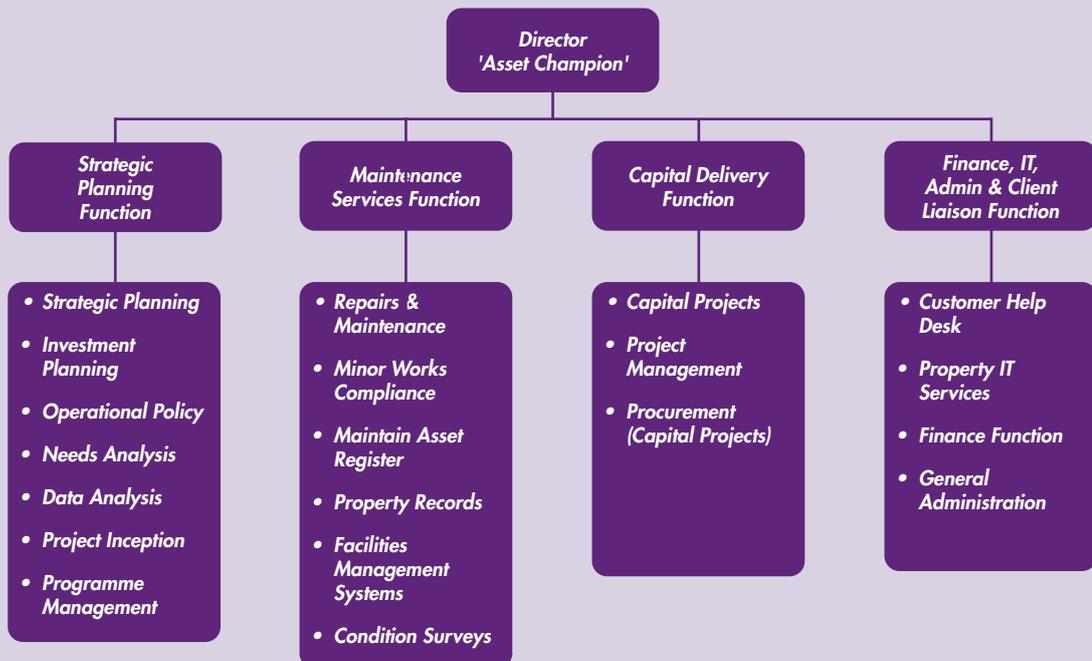
<sup>4</sup> The place-making agenda aims to utilise a community's unique assets, character and potential with the intention of creating public spaces, places, and activities that promote people's health, happiness and wellbeing, as well as facilitating economic growth. The public sector, voluntary and community sector and businesses all play an important part in place-making.

## Case Study 2: Queen’s University Belfast

Queen’s University Belfast (QUB) has established structures, policies and professional resources to create a cohesive asset management function, within the QUB Estates Directorate. These include an Asset Management Champion, a multi-disciplinary approach and a challenge function.

The multi-disciplinary approach comprises: Strategic Planning; Maintenance Services; Capital Delivery; and Finance, IT, Admin and Client Liaison. **Figure 5** illustrates the main functions within QUB Estates Directorate delivering a modern asset management service, all operating under a single senior Asset Management Champion.

**Figure 5: Asset Management Structure adopted by QUB**



The QUB model is tailored to suit its specific organisational requirements. Additional features of the QUB structure include:

**User Representatives:** located within each of the University’s academic and administrative faculties. These individuals report back to the asset management function, issues relating to the running and operation of the assets and, importantly, they capture and feed back the views of the people who use and occupy the buildings.

**The Customer Help Desk:** a customer help desk within the asset management function provides a critical link between users and the asset management function.

## Part 2: Establishing governance to support delivery

### **Case Study 2: Queen's University Belfast (Continued)**

QUB has a clear strategic vision for its land and property assets and how they serve and support the delivery of the University's corporate and educational objectives. Processes have been designed and implemented to support the delivery of the Estate's AMS.

The asset management governance structures and policies implemented by QUB Estates Directorate have been instrumental in delivering a multitude of benefits, including:

- providing a physical environment that will support the delivery of the QUB Corporate Plan;
- scrutiny is provided through membership to a University benchmarking scheme<sup>5</sup> which ensures QUB delivers a minimum annual investment of five per cent of the Insurance Replacement Value of the Estate;
- managing and administrating an asset base comprising 67 hectares, including 250 individual buildings, 97 of which are listed, and providing a total gross internal area of 328,000m<sup>2</sup>;
- delivering a major capital investment programme totalling over £500 million since 2001;
- maintaining eighth position in the UK for Research Intensity rankings; and
- serving the requirements of 4,200 staff and 24,000 students.

*Source: SIB*

- 2.19 Whilst the QUB structure is perhaps best suited to a single directorate, a similar arrangement can be achieved, through project structures, within councils that have these functions dispersed across a number of directorates. Such an approach requires appropriate governance arrangements to ensure collaboration and cross-directorate working.

<sup>5</sup> Russell Group Universities are required to invest five per cent of the reinstatement value of their estate each year back into the estate (<https://russellgroup.ac.uk/>).

## Guild Hall, Derry-Londonderry



The Guild Hall demonstrates how a key asset can be adapted to continue to act as a hub for many citizen activities and services.  
**Source:** Gardiner Mitchell Photography.

## Ballymena Public Realm



The Ballymena public realm scheme demonstrates how local councils can use public sector assets in town centres to create destinations and drive footfall.  
**Source:** Mid and East Antrim Borough Council.



# **Part 3: Developing asset management capability**

**Asset Register**

**Benchmarking and Performance Management**

**Risk Management**

## Part 3: Developing asset management capability

**This Part describes the importance of the asset register, performance management, benchmarking and risk management.**

### The Asset Register

- 3.1 For the purposes of public sector asset management, it is best to think of the 'asset register' as a comprehensive and readily accessible list of all land and property assets which are either owned, leased, occupied and/or managed.
- 3.2 Land and property assets require active management and administration from a financial, legal and property perspective. Therefore, establishing, maintaining and critically reviewing the asset register is central to managing risks, ensuring value for money and creating and capturing monetary and non-monetary value.
- 3.3 The phrase 'asset register' is subject to multiple definitions, with different professions ascribing different meanings to the term. For example, finance professionals will tend to think about non-current assets and an associated list of assets that are valued and depreciated for accounting purposes. Corporate finance professionals, on the other hand, may possibly think of the asset register as a register of legal titles against which financial charges can be placed when raising finance. Property professionals will typically think of an asset register as a comprehensive list of land and property assets which require management.

### Developing an Asset Register

- 3.4 As a minimum, public sector organisations in Northern Ireland should have a register of all their land and property assets which records, for each asset, the core data outlined at **Figure 6** (as provided by Land & Property Services (LPS) and Ordnance Survey of Northern Ireland (OSNI) within the Department of Finance (DoF). **Annex B** provides detailed notes to accompany **Figure 6**.

**Figure 6: Recommended minimum data to be included in an asset register**

Field Name	Example
Building Number	27
Primary Street	Gray Road
Town	Belfast
County	Down
Postcode	BT7 6HD
Post-town	Belfast
Region	Northern Ireland
Prop ID (if applicable)	273611
X/Y Co-Ord	338517 373831
LPS "Fusion_ID"	131caecb-1ccb-44a3-9e7c-65b0f7be2b07
Owned by	Council Leisure Services
Occupied by	Council Leisure Services
Tenure (Freehold, Leasehold, Other)	Freehold
Lease Break (if applicable)	N/A
Lease End (if applicable)	N/A
Floor Area (Gross Internal Area / GIA m <sup>2</sup> ) or (Net Internal Area / NIA m <sup>2</sup> ), making clear the basis of measurement where known.	GIA 2,560m <sup>2</sup> or NIA 2,250m <sup>2</sup>
Site Area m <sup>2</sup> or hectares, making clear the metric unit of area where known.	20,234m <sup>2</sup> or 2.20 hectares
Existing Use Description	Office/Stable/Community Hall etc. This requires use of Unicode Classifications <sup>6</sup> .
Total annual capital costs associated with holding and/or occupying an asset	Previous financial year £5,500 pa
Total annual revenue costs associated with holding and/or occupying an asset	Previous financial year £2,200 pa

**Source:** SIB and DoF's Land & Property Services (LPS) and Ordnance Survey of Northern Ireland (OSNI)

<sup>6</sup> Unicode Classification is defined as a unified classifications system for all sectors of the UK construction industry allowing information to be structured to a recognised standard. Further information at <https://unicode.org>

## Part 3: Developing asset management capability

### **Case study 3: Fermanagh & Omagh District Council develops a comprehensive asset register**

In 2018, Fermanagh & Omagh District Council undertook a programme of work to develop a comprehensive asset register, as part of a wider piece of work in developing a more strategic approach to asset management.

The process began with collating existing records from a variety of databases, paper records and systems. These datasets were validated and cross referenced, then checked for robustness via a Project Team, with members from a number of key services. The Project Team was then able to distil all of the available information down into a single validated master list of land and property assets owned, occupied and managed by the Council. Alongside this, an audit of title was progressed to address any legacy issues.

As a result, the Council created a definitive asset register accessible initially in two formats: a simple list (spreadsheet); and a Geographic Information System (GIS) enabled register. The creation of the master asset register for asset management purposes provided the Council with a robust database against which additional data fields (property attribute data) were added, helping staff to manage the asset base and deliver public services. This was then transferred onto an electronic Asset Information System, in a hierarchy structure consisting of sites, land blocks (e.g. car parks) and building blocks (e.g. civic buildings).

The Asset Management System software provided a palmtop computer with Computer Aided Facilities Management capability, making it flexible and fully integrated. The Asset Information System has helped the Council to build the understanding of its estate and assets. It also provides scope to standardise internal processes, reducing complexity and improving communication between building managers and Estates and Facilities. The powerful analytics programme displays complex property information in a simple, easy to understand format.

Fermanagh & Omagh District Council now has a robust, quality assured, asset register hosted on the system via a web/mobile browser. Selected staff are able to access it easily and instantaneously, to support corporate resource planning and operational decision-making. Importantly, it is a database that can continually be added to, as other information becomes available or new initiatives are undertaken.

**Source:** SIB

## Enhancing a comprehensive Asset Register with a Geographical Information System

- 3.5 The asset register's core data can be supplemented further, based on the requirements and objectives of each council. For example, additional asset attributes might be added to support operational requirements or strategic decision-making, for example, year of construction, energy consumption, number of car parking spaces, number of electric vehicle charging points etc.
- 3.6 **Case Study 3** shows an example of the development of a comprehensive asset register by Fermanagh & Omagh District Council. **Case Study 4** shows how Causeway Coast & Glens Borough Council enhanced its register by making it GIS-enabled.

### **Case study 4: Causeway Coast & Glens Borough Council developed a GIS-enabled land and property asset register**

Causeway Coast & Glens Borough Council developed an additional 'GIS layer' illustrating the intentions of the Council's AMS and associated key functions, such as community provision. This additional GIS layer currently gives the staff access to information detailing the availability of community space throughout the Council (see **Figure 7**).

**Figure 7: Screen shot of the Causeway Coast & Glens Borough Council GIS-enabled asset register**



Source: SIB

## Part 3: Developing asset management capability

3.7 **Case Study 4** illustrates that the creation of a GIS-enabled land and property asset register has a number of tangible benefits:

- key facts and figures instantly available to help service internal and external information requests;
- benchmarking capability to help manage performance and value for money;
- accurate datasets to support area planning and community development planning;
- improved risk management and assurance activities;
- improved transparency and public accountability;
- a new tool to support public sector, private sector and third sector collaboration;
- a database to support the delivery of broader digital enablement and co-ordinated management of assets;
- a tool to support inward investment and marketing activities; and
- a platform for managing and analysing all future land and property data (or attributes).



### The importance of benchmarking land and property asset management

3.8 Benchmarking is key to good asset management, as it provides organisations with clear evidence on how their assets are performing against best practice and other organisations. It also tracks improvements in performance on a yearly basis.

3.9 Over the last few years, the metrics involved in benchmarking the various aspects of asset management have increased and become more sophisticated. Consequently, there are clear measures not just in the core areas, such as costs, energy and utilities, but in new areas such as the benefits to health and wellbeing and the economy through increased accessibility to key assets.

### Developing benchmarking for land and property asset management

3.10 Metrics and KPIs have an important role to play in ensuring organisations manage the performance of their land and property assets. A number of illustrative examples have been provided in **Annex C**.

3.11 As a rule, metrics are employed to measure tactical activities or features. KPIs operate at a higher level and are employed to measure strategic activities. In its simplest form, a metric is nothing more than a measurement recorded to track performance of some aspect of the land and property holdings, for example, book value (£), backlog (£), energy consumption (KWh). A KPI is also a measurement and, like metrics, KPIs must also be well defined and quantifiable (see **Figure 8**). The difference is that these types of measurements relate to specific strategic organisational objectives, or policy objectives and reflect how successful the organisation is in achieving that goal.

**Figure 8: An example of an asset management KPI:**

KPI calculation	What does the KPI indicate?	Additional information
Total property maintenance backlog as a percentage of average annual maintenance spend for the last three years.	This indicator examines whether the organisation manages the repair and maintenance programme of its estate effectively. High-performing organisations should expect to reduce their backlog over time.	Backlog source: organisational Computer Aided Facilities Management system. Frequency: calculated annually.

Source: SIB

- 3.12 It is important that appropriate measures and metrics are put in place. The starting point is to agree the objectives to be achieved and what needs to be measured to determine whether or not the stated objectives are being progressed.
- 3.13 Benchmarking can be undertaken in-house as well as through independent benchmarking services such as those offered by the Chartered Institute of Public Finance and Accountancy (CIPFA).

## The importance of risk management

- 3.14 Land and property assets come with a multitude of tangible and intangible financial, legal and operational risks. Managing and monitoring such asset risks is very important for any organisation, as failure to do so in a timely manner can lead to compounded problems over time, which could lead to mounting costs.
- 3.15 The asset risks and issues are not unique to councils. Other public organisations, universities, charities and government departments are all facing similar asset management issues. Examples of common asset risks include:

- service continuity e.g. asset failure;
- economic e.g. capital deficit undermining development and growth;
- financial e.g. contingent liabilities grow leading to asset failure;
- health and safety e.g. risk to individuals' health and wellbeing;
- reputation e.g. an asset brings a corporate body into disrepute;
- obsolescence e.g. an asset is no longer fit for purpose;
- capacity e.g. demand exceeds supply;
- incorrect provision e.g. assets supplied are mismatched to need; and
- contamination e.g. producing contamination and breaching statutes.



## Part 3: Developing asset management capability

### Developing risk management capability

- 3.16 The management of the risks associated with land and property assets is an increasingly sophisticated area of risk management, drawing on a range of multi-disciplinary perspectives.
- 3.17 The risk management process has an important role to play in informing the investment decision-making process. Investment should be targeted based on the risk to achieving the organisation's objectives and **not** merely on the condition of the assets. The focus of risk management should be on the risk to achieving organisational objectives and not **solely** asset risk.
- 3.18 The most basic and important step towards managing asset risks is to develop dedicated asset management capability that can start to implement the processes, systems, tools and techniques associated with managing land and property assets. This can be achieved through simple actions, such as, periodic condition surveys to help manage and minimise operational and health and safety risks. This is particularly important in portfolios where a reactive rather than proactive approach to maintenance currently exists. Through a rolling programme of surveys, all assets should be evaluated at least once every five years to ensure that they remain fit for purpose.

# Annexes

## Balloo Recycling Centre



The Balloo Recycling Centre demonstrates that recycling centres can be architecturally interesting as well as efficient and functional.  
**Source:** Ards and North Down Borough Council.

## Berne Road Café, Portstewart



Adaptive and innovative re-use of existing assets is going to be a main driver going forward – as in this example on the north coast where a redundant toilet block has been transformed in to a thriving coffee shop.  
**Source:** SIB.

# Annex A – Asset management relationship with the property function



Asset management is a multi-disciplinary activity drawing on property, legal, financial and resource planning expertise and it considers the entire asset lifecycle (investment, commissioning, utilisation and divestment/disposal).

Asset management as a discipline is linked to understanding current and future service delivery demand and as such gives consideration to demand, need, whole life costs and civic requirements. It balances risk, investment need, existing asset provision and the need for new and different assets in the future.

The asset management function develops and cascades strategic solutions at portfolio level, to support the delivery of corporate and civic outcomes. The strategic solutions are then delivered and implemented through professional resources specialising in transaction management, property management and building management.

## Annex B - Notes accompanying Figure 6 Asset Register Core Data

- Address details should either use or link to the Ordnance Survey of Northern Ireland (OSNI) Pointer address database.
- The Pointer address database is the official Northern Ireland address database which is maintained by OSNI in conjunction with the councils (<https://www.nidirect.gov.uk/articles/pointer>). As such, it is the authoritative source for addressing in Northern Ireland and should be used directly or referenced using the Unique Property Reference Number as a link where possible. OSNI Property Data which contains information from the Valuation List also contains the Unique Property Reference Number, creating a link from the address to the property details.
- OSNI Fusion is the new structure for largescale OSNI mapping and each feature contains a unique identifier (Fusion\_ID). This can be used to link data, both spatial and textual, to the mapped asset, which will greatly enhance the potential for querying and analysing assets across Northern Ireland Civil Service and councils. The Fusion\_ID is provided as an attribute of all features mapped by OSNI.
- As all councils and Northern Ireland Civil Service departments are Northern Ireland Mapping Agreement participants, the OSNI Fusion mapping is available through regular data updates or as web services. Pointer address data and Property Data, along with other OSNI products, are also available through the Northern Ireland Mapping Agreement.
- For more information on receiving or using Pointer address data, Property Data, OSNI Fusion or linking data using the OSNI Fusion\_ID, please contact [mapping.helpdesk@finance-ni.gov.uk](mailto:mapping.helpdesk@finance-ni.gov.uk)
- In terms of 'existing description use', it is generally recommended that the Uniclass System 2015 is adopted. Uniclass 2015 is a set of tables which can be used to categorise information for costing, briefing, Computer Aided Design layering, annotations, etc. as well as when preparing specifications or other production documents. The classifications within the tables, for the first time, allow buildings, landscape and infrastructure to be classified under one unified scheme, supporting system integration and data interoperability.

## ANNEX C – Examples of Asset Management Performance Indicators

Condition and maintenance indicators vary across the UK. In England, many authorities use the National Property Performance Management Initiative; in Scotland, many authorities use the Federation of Property Societies Scotland indicators; and in Wales, authorities use indicators produced by Audit Wales. At present there is no commonly adopted benchmarking framework across councils in Northern Ireland.

The examples below are illustrative in nature and each council should consider the nature of its asset base, what existing benchmarking frameworks are available, and which are best aligned with the asset classes under management and the challenges faced.

Indicators		Rationale and expected impact on behaviour
<b>Primary Indicator 1</b>	Total property costs (occupancy, operational and management) per square metre	<p>This indicator examines the overall cost effectiveness of the estates management function.</p> <p>In many circumstances organisations would aim to reduce their property costs relative to those paid by their peers over time. However, organisations should examine their achievement against this indicator in conjunction with the measures of effectiveness of their estates management function, for example, Primary Indicators:</p> <ul style="list-style-type: none"> <li>• 3 (measuring property maintenance backlog);</li> <li>• 4 (the commissioner and user satisfaction index); and</li> <li>• 5 (the management practice indicator).</li> </ul> <p>and Secondary Indicators:</p> <ul style="list-style-type: none"> <li>• 4 (percentage of capital projects completed within time and budget); and</li> <li>• 11 (accessibility to public buildings for disabled people).</li> </ul> <p>Primary Indicators 1, 2 and 3, examine the three separate cost areas of occupancy/ownership, operational running costs and management costs.</p>
<b>Primary Indicator 2</b>	Total accommodation (square metres) per staff full-time equivalent	<p>This indicator examines the extent to which the organisation uses its buildings efficiently.</p> <p>It is closely associated with Secondary Indicator 5, which examines the number of workstations and the average space they occupy. Organisations should compare their results for these indicators with those of their peer organisations and, where there are significant differences, consider whether or not there are robust reasons for this.</p>

Indicators		Rationale and expected impact on behaviour
<b>Primary Indicator 3</b>	Total property maintenance backlog as a percentage of average annual maintenance spend for the last three years	This indicator examines whether the organisation manages the repair and maintenance programme of its estate effectively. High performing organisations should expect to reduce their backlog over time.
<b>Primary Indicator 4</b>	Commissioner (customer) and user satisfaction index – a composite indicator compiled from the responses to a set of statements by commissioners and users	This indicator assesses the effectiveness of the estates management function by identifying the perceptions of commissioners and users of the function. Over time, organisations should seek to increase the proportion of commissioners and users agreeing with the statements. The list of commissioner and user statements can be found on the Public Audit Forum website at <a href="http://www.public-audit-forum.gov.uk">www.public-audit-forum.gov.uk</a> . Organisations may wish to incorporate these statements into existing surveys of users and commissioners.
<b>Primary Indicator 5</b>	Management practice indicator – the number of asset management practices that have been adopted by the organisation out of a possible total of ten	The aim of this indicator is to assess the extent to which the estates management function has adopted a set of key asset management practices. This provides an indication of whether it is a well-run, modernised and professionally mature function. It is anticipated that most organisations will not have adopted all of the asset management practices listed when first measuring themselves against this indicator set. However, organisations should expect that the number of practices that they have adopted would increase over time. The list of practices can be found on the Public Audit Forum website at <a href="http://www.public-audit-forum.gov.uk">www.public-audit-forum.gov.uk</a> and will be updated, if appropriate, in future revisions of the indicator set.

## ANNEX C – Examples of Asset Management Performance Indicators

Indicators		Rationale and expected impact on behaviour
<b>Secondary Indicator 1</b>	<p>Cost of the organisation's estates management function</p> <p>a) per square metre</p> <p>b) as a percentage of organisational running costs</p>	<p>This indicator examines the cost effectiveness of the organisation's estates management function. In many circumstances, organisations would aim to reduce the cost of their estates management function relative to their peers over time. However, organisations should examine their achievement against this indicator, in conjunction with the measures of effectiveness of their estates management function, for example Primary Indicators:</p> <ul style="list-style-type: none"> <li>• 3 (measuring property maintenance backlog);</li> <li>• 4 (the commissioner and user satisfaction index); and</li> <li>• 5 (the management practice indicator).</li> </ul> <p>and Secondary Indicators:</p> <ul style="list-style-type: none"> <li>• 4 (percentage of capital projects completed within time and budget); and</li> <li>• 11 (accessibility to public buildings for disabled people).</li> </ul> <p>This indicator complements Secondary Indicators 2 and 3, which examine other aspects of estate costs – occupancy/ownership and building operation costs. These costs will also be included in the total cost figure for Primary Indicator 1.</p>
<b>Secondary Indicator 2</b>	<p>Total property occupancy/ownership costs (revenue) per square metre</p>	<p>This indicator examines cost effectiveness by identifying the cost of building occupancy/ownership. As with Secondary Indicator 1, while many organisations will seek to reduce their property cost, it is important that achievement against this indicator is interpreted alongside achievement against measures of effectiveness, such as Primary Indicators 3 and 5 and Secondary Indicators 4 and 11.</p>
<b>Secondary Indicator 3</b>	<p>Total building operation revenue costs per square metre</p>	<p>This indicator examines cost effectiveness of the operation of the estate (incorporating what might also be called facilities management). Capital costs are excluded due to potential for significant year on year variances.</p> <p>As with Secondary Indicator 2, while many organisations will seek to reduce their property costs, it is important that achievement against this indicator is interpreted alongside achievement against measures of effectiveness, such as Primary Indicators 3 and 5 and Secondary Indicators 4 and 11.</p>

Indicators	Rationale and expected impact on behaviour	
<p><b>Secondary Indicator 4</b></p>	<p>Percentage of property related capital projects within the last three years completed:</p> <ul style="list-style-type: none"> <li>a) within the project budget</li> <li>b) within the timetable</li> <li>c) within project budget and timetable</li> </ul>	<p>This indicator examines the standard of project management within the estates management function, recognising that late running/over-spent projects can have a significant impact on the operational effectiveness of the organisation. Organisations would expect the percentage of projects delivered to time and budget to increase over time. This indicator should be interpreted alongside Secondary Indicator 6 (average annual property capital expenditure).</p>
<p><b>Secondary Indicator 5</b></p>	<p>Space use efficiency:</p> <ul style="list-style-type: none"> <li>a) workstations per full-time equivalent staff</li> <li>b) area (square metres) per workstation</li> </ul>	<p>This indicator examines the space use efficiency of workstation utilisation and the amount of space attributable to each workstation. This is a commonly used benchmark for space use efficiency, often used to determine the amount of space needed across the organisation. This indicator is closely linked with Primary Indicator 2 (total accommodation per staff member). Most organisations will be particularly interested in comparing their results for this indicator with peer organisations and investigating whether there are robust reasons for any significant differences.</p>
<p><b>Secondary Indicator 6</b></p>	<p>Average annual property capital expenditure over the last five years per square metre (gross internal area)</p>	<p>This indicator measures the extent of investment in the estate. Organisations may wish to compare their result for this indicator with their peer organisations and should investigate the reasons for any significant differences. Organisations should also examine their result for this indicator in conjunction with their achievement for effectiveness indicators, such as Primary Indicator 4 (the commissioner and user satisfaction index) comparative to their peers and alongside Secondary Indicator 4 (the percentage of capital projects delivered to time and budget).</p>
<p><b>Secondary Indicator 7</b></p>	<p>Total annual energy consumption (kilowatt/hour) per square metre</p>	<p>This indicator examines the extent to which the organisation has minimised its environmental impact by reducing its energy consumption. Organisations should expect this consumption to reduce over time.</p>
<p><b>Secondary Indicator 8</b></p>	<p>Total annual water consumption (cubic metre) per square metre</p>	<p>This indicator examines the extent to which the organisation has minimised its environmental impact by reducing its water consumption. Organisations should expect this consumption to reduce over time.</p>

## ANNEX C – Examples of Asset Management Performance Indicators

Indicators		Rationale and expected impact on behaviour
<b>Secondary Indicator 9</b>	Total accommodation (square metre net internal area) over total accommodation (square metre gross internal area)	This indicator examines the usability and design efficiency of the estate. Organisations would expect to increase this percentage over time. This indicator is closely linked to Primary Indicator 2 (total accommodation per staff member), Primary Indicator 4 (satisfaction index) and Secondary Indicator 5 (number of workstations and area attributable to them).
<b>Secondary Indicator 10</b>	Percentage of solid waste that is recycled	This indicator assesses the extent to which the Organisation has made efforts to reduce the impact of the estate on the environment. High performing organisations would expect this percentage to increase over time.
<b>Secondary Indicator 11</b>	The percentage of buildings which are used by the public in which all public areas are suitable for, and accessible to, people with disabilities	This indicator assesses how well the Organisation is meeting the requirements of the Disability Discrimination Act. High performing organisations would expect to achieve 100 per cent.

## Annex D - Key Suggested Reading

1. 'PAS 55: 2008', BSI, 2008
2. 'The New BS ISO 55002: Guidelines for the Application of BS ISO 55001', BSI, 2018
3. 'Commentary on ISO 55000/01/02: Standards for Asset Management', CIPFA, April 2014
4. 'Asset Management in the Public Sector', National Assembly for Wales, August 2013
5. 'Asset Management in the Public Sector: A Practitioners Guide', CIPFA, November 2020
6. 'Asset Management – an Anatomy', Institute of Asset Management, December 2015
7. 'Public Sector Property Asset Management Guidelines', RICS, 2012
8. 'National Assessment Frameworks for Local Government Asset Management and Financial Planning', Australian Centre of Excellence for Local Government, 2012
9. 'Executive Order 13327—Federal Real Property Asset Management', US Federal Register, February 2004
10. 'Property Asset Utilisation', NSW Audit Office, December 2018
11. 'Asset Management Policy for the NSW Public Sector', NSW Government, October 2018
12. 'The Asset Management Landscape: Second Edition', Global Forum on Maintenance and Asset Management, March 2014
13. 'Accommodating Change – Measuring Success: Property Asset Management Delivery Plan', The Office of Public Works, July 2013
14. 'Federal Real Property Asset Management', United States Government Accountability Office, November 2018
15. 'Guidance for Improved Asset Management', Federal Real Property Council, 2004
16. 'Office Politics: Improving Public Sector Property Management', Deloitte, 2012
17. 'Public Sector Asset Management: A Brief History', Ramidus Consulting Limited, May 2010
18. 'Strategic Property Asset Management Framework', CIPFA Property, August 2018
19. 'Managing the Central Government Office Estate', Northern Ireland Audit Office, November 2017
20. 'Property Asset Management Capability Assessment Model', UK Cabinet Office, July 2014
21. 'A Guide to Social Return on Investment', The SROI Network, January 2012
22. 'Scottish Capital Investment Manual', NHS Scotland, September 1996
23. 'A National Mission with Local Impact, Infrastructure Investment Plan for Scotland 2021-22 to 2025-26', Scottish Government, February 2021
24. 'Property Asset Management in Central Government', Northern Ireland Audit Office, November 2012

## Annex E – Checklist for Local Councils

Good Practice Checklist	Yes/No ✓	Action required:
<p>Does the Council have an <b>Asset Management Strategy</b> in place? Does the AMS include:</p> <ul style="list-style-type: none"> <li>• A time horizon of five years at a minimum and not longer than ten years.</li> <li>• Alignment of the asset portfolio with the Council's needs.</li> <li>• An iterative process of debate, constructive challenge and input knowledge from key internal and external stakeholders.</li> <li>• Consideration of this Good Practice Guide.</li> </ul>		
<p>Has the Council grounded the <b>Asset Management Strategy</b> in the Council's Community Plan, Corporate Plan, Strategic Drivers and Delivery Themes?</p>		
<p>Has the Council published and/or put the <b>Asset Management Strategy</b> on the Council's website?</p>		
<p>Has the <b>Asset Management Strategy</b> been presented to and received agreement from the Councillors?</p>		
<p>Does the Council have an <b>Asset Management Plan</b> in Place? Does the AMP include:</p> <ul style="list-style-type: none"> <li>• Multi-year plans describing how the AMS will be implemented.</li> <li>• Investment, divestment, funding information, income generation and capital programmes.</li> <li>• Partnering arrangements.</li> <li>• Community engagement.</li> <li>• A medium/long-term plan for each asset in the context of the AMS.</li> </ul>		
<p>Does the Council have <b>Asset Management Policies</b> in place? The polices should include:</p> <ul style="list-style-type: none"> <li>• Operating policies.</li> <li>• Guidance covering disposals.</li> <li>• Guidance covering income generation.</li> <li>• Guidance supporting social and economic enterprise.</li> <li>• Guidance on net-zero carbon.</li> <li>• Risk management strategy.</li> </ul>		

Good Practice Checklist	Yes/No ✓	Action required:
<p>Has an <b>Asset Management Champion</b> been appointed? This senior officer should be responsible for:</p> <ul style="list-style-type: none"> <li>• Managing and optimising the value derived from the Council’s land and property assets.</li> <li>• Collaboration with other public sector partners.</li> <li>• Supporting ‘place-based’ or ‘asset based’ investment planning, economic growth and community development etc.</li> <li>• Chairing a multi-disciplinary team within the Council.</li> </ul>		
<p>Has the Council adopted a co-ordinated <b>multi-disciplinary approach</b> for asset management? This should include:</p> <ul style="list-style-type: none"> <li>• An approach that draws upon legal, financial and property expertise through a co-ordinated lead (champion).</li> <li>• Resources and structures that allow for the development and implementation of modern asset management practices.</li> <li>• Alignment of the AMS and the AMP with the Corporate Plan and Community Plan.</li> <li>• Assurance that land and property assets are working to support corporate and policy objectives.</li> </ul>		
<p>Has the Council established a <b>challenge function</b> allowing use of all land and property assets to be regularly challenged at a senior management and committee level? The challenge function should ensure that:</p> <ul style="list-style-type: none"> <li>• Land and property assets are correctly configured and actively working to support the delivery of public services.</li> <li>• Non value adding assets are put to an alternative use or disposed of.</li> <li>• Value adding assets decreasing due to increased operation or maintenance costs are considered for alternative use, renewal or disposal.</li> </ul>		

## Annex E – Checklist for Local Councils

Good Practice Checklist	Yes/No ✓	Action required:
<p>Has the Council implemented a <b>comprehensive Asset Register</b>? The Asset Register should:</p> <ul style="list-style-type: none"> <li>• Describe all land and property assets owned, leased and occupied.</li> <li>• Include, as a minimum, the core data supported by LPS and OSNI.</li> <li>• Include additional asset attributes to support operational requirements or decision-making.</li> <li>• Be actively maintained.</li> <li>• Be made publically available.</li> </ul>		
<p>Has the Council developed a land and property asset <b>Benchmarking and Performance Management</b> functionality? This functionality should include:</p> <ul style="list-style-type: none"> <li>• Comparison of the functional performance of the land and property assets with comparable portfolios.</li> <li>• Comparison of the economic performance of the land and property assets with comparable portfolios.</li> <li>• Development of actions to optimise the performance of the Council’s land and property assets.</li> </ul>		
<p>Has the Council adopted a <b>Risk Management</b> approach to its land and property assets, in-line with its AMS and AMP?</p>		

## Acknowledgements

We are grateful to many people for their contributions and input to the research which informed this guide. In particular, we wish to record our thanks to:

**Tim Reade MRICS:** Head of CIPFA Property Advisory Services

**Dr Patrice Cairns MEng MCIPR:** MAG Member & RICS UK Policy Manager

**Iain Wardrop MRICS:** Associate Director Scottish Futures Trust

**Michael Smith MRICS MIAM:** Director, AECOM

**Brian Thompson MRICS:** Lead author of new RICS Guidance on Asset Management

**Dr Suzanne McLaughlin:** Ordnance Survey of Northern Ireland (OSNI)

**Susan Henderson MRICS:** Land & Property Services (LPS) Northern Ireland

Further information on land and property Asset Management within Local Government can be obtained by contacting **Colin McCrossan** or **Ronan O'Hara** at [contact@sibni.org](mailto:contact@sibni.org) or on **028 90 250 900**.







Published and printed by CDS

CDS 255870



9 781912 653614