

# **Value for Money Unit**

## **Local Government Audit Service**

### **Corporate Estate Management and Maintenance in Local Authorities**

**Report No. 30**

**January 2017**



**An Roinn Tithíochta, Pleanála,  
Pobail agus Rialtais Áitiúil**  
Department of Housing, Planning,  
Community and Local Government



### **Local Government Audit Service**

The Local Government Audit Service (LGAS), incorporating the Value for Money (VFM) Unit, being an external audit service, provides independent scrutiny of the financial stewardship of local authorities.

The sectoral goals of the LGAS are to:

- carry out the audits of local authorities and other bodies in accordance with the Code of Local Government Audit Practice thereby fostering the highest standards of financial stewardship and public accountability.
- promote the achievement of value for money in local authorities by undertaking Value for Money audits and publishing reports thereon.

It is the responsibility of local authority management to ensure that value for money is achieved by establishing and maintaining sound arrangements including procedures for planning, appraisal, authorisation and control of resources.

This report was prepared on the basis of information, documentation and explanations obtained from the public bodies referred to in the report. The draft report was sent to the local authorities that participated in the study. Where appropriate the comments received were incorporated in the final version of the report.

The website of the Department of Housing, Planning, Community and Local Government is the primary means of publishing reports of the Value for Money Unit of the Local Government Audit Service.

Should any errata arise they will be corrected and noted in the report published at <http://www.housing.gov.ie/en/Publications/LocalGovernment/AuditService/>



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# Foreword

Management and maintenance of corporate estate is an essential component in the efficient and effective operation of any organisation. Constraints on resources make efficient management of corporate estate more important than ever, so this Value for Money report is a timely contribution to the work of local authorities in this area.

Notwithstanding the pressures on finances and staffing resources in recent years, the local authority sector is committed to continuous improvement. The Value for Money Unit of the Local Government Audit Service has prepared this report with the support and input from the participating local authorities selected, with a shared set of objectives to:

- outline the current position in terms of how these local authorities manage and maintain their corporate estate,
- identify best practice nationally and internationally, and
- recommend ways of improving existing procedures, practices and systems, thereby promoting efficiency and cost effectiveness.

The report makes a number of important recommendations on issues such as maintenance and repairs, documentation of strategy and procedures and monitoring property costs by reference to individual buildings. It also emphasises the importance of preventative maintenance.

I am confident that the recommendations in this report will be helpful to local authorities in improving the management and maintenance of their corporate estates in the years ahead. I have asked the Value for Money Unit of the Local Government Audit Service to monitor implementation by the local authorities of the recommendations in the report.



Simon Coveney, T.D.,  
Minister for Housing, Planning, Community and Local Government.  
17 January 2017

# Executive Summary

## Overview

Property is the second highest administrative cost in the Public Service after payroll costs as identified in the Department of Public Expenditure and Reform Public Service Reform Plan 2014-2016. The economic downturn of recent years has meant that for some local authorities there has been less focus on corporate property management strategies and maintenance issues. Effective management of their property portfolios require local authorities to take a more informed, coordinated and strategic approach to property management, maintenance and decision making. As a starting point local authorities need to have a good overview and knowledge of their entire portfolio of buildings, keeping a comprehensive and up to date database of their property information. They need to ensure that the best use is being made of their buildings/space and to do this they need to monitor costs, energy efficiency, suitability and property key performance indicators. Local authorities need to reduce maintenance costs by having a collaborative approach across their whole building portfolio to procurement, monitoring the condition of their buildings and having a greater focus on preventative maintenance.

## The Study

The Value for Money (VFM) Unit of the Local Government Audit Service (LGAS) undertook a study on Corporate Estate Management and Maintenance in the following nine participating local authorities: Dublin and Galway City Councils, Cavan, Cork, Kilkenny, Louth, South Dublin, Tipperary and Wexford County Councils.

The study involved the issue of a questionnaire, visits to and consultation with the nine participating authorities and a review of international best practice in the area. The study relates to local authority buildings only, it excludes land. It relates to all local authority buildings excluding local authority housing, theatres, leisure facilities and community facilities.

The questionnaire was divided into two sections. Section 1, relates to corporate office buildings over 100 square metres (sqm) and addresses:

- Capacity and Utilisation of the Corporate Estate, and
- Completion of an appendix of detailed information for individual office buildings with office space over 100sqm in size, to give a profile of the local authorities.

Section 2 relates to all local authority buildings (excluding local authority housing, theatres, leisure facilities and community facilities) of all sizes and the areas it addressed were:

- Corporate Estate Strategic Management
- Recording the Corporate Estate
- Costs Associated with the Corporate Estate
- Condition and Required Maintenance of the Corporate Estate
- Contract/In House Maintenance of the Corporate Estate

## Findings

The following is a summary of the findings from the survey:

The corporate estate profiles of the participating local authorities vary considerably and this impacts on the resources required to manage them.

## Capacity and Utilisation of the Corporate Estate

- Six of the nine participating local authorities were affected by the town and borough council mergers in 2014 and one of these was also part of a county council merger. Following the mergers, the majority of town and borough council buildings were used as offices to serve the new municipal districts that were established at the time or to rehouse sections/ staff from the county council. Therefore, in 50% of the participating local authorities affected by mergers, no buildings became vacant as a result of the mergers, and for the other 50%, only a small minority of their buildings were made vacant.
- Of the nine participating local authorities, four (44%) had some vacant office space, ranging from 8/10 workstations to full office buildings. All had plans in place to use the vacant space, though in one local authority the office space had been vacant for two years.
- Of the local authorities surveyed, all reported that staff members had their own desks/workstations. Two reported that in a small minority of cases desks are shared. None of the participating local authorities record the average space per workstation in their office buildings.
- All of the nine participating local authorities have a mixture of open plan and cellular offices, with older buildings tending to have a more cellular office structure. In the majority of cases cellular offices are assigned to senior staff of grade 7 and upwards.

## Corporate Estate Strategic Management

- Only one of the nine participating local authorities surveyed has a documented Property Asset Management Plan for their building portfolio. This was performed as part of a merger and sets out a strategy for the management of property in local authority ownership.
- Of the nine participating local authorities four (44%) said they undertook regular property reviews but only two of these had documented reviews.
- Only one of the nine participating local authorities has a documented action plan/ policy for surplus buildings/ office space no longer required.
- All of the participating local authorities follow the procedures set out in Section 183 of the Local Government Act 2001 for property disposals, however, only three (33%) of them had documented their disposal procedures. Likewise for property purchases, only three (33%) of the local authorities document their property purchase procedures.
- 67% (six) of the local authorities surveyed said that they did have staff assigned with responsibility for building asset management at a strategic level. This ranged from 10% of one Director of Services time in one local authority, to a combined approach from various sections in one large local authority.
- One local authority has a Central Property Unit with two full time staff (100% of their time) dedicated to strategic property management.
- The survey showed a disjointed approach to property management and maintenance in most local authorities, with no one person or unit having a full overview of, or responsibility for the building portfolio as a whole.

## Recording the Corporate Estate

- Most of the local authorities surveyed record information on their building portfolio on their fixed asset register database. One local authority records its information on a property management system and another is currently developing a property management system.
- Of the nine participating local authorities, five (56%) have a separate cost code for each of their building units.

## Costs Associated with the Corporate Estate

- The questionnaire results showed that, of the nine participating local authorities, 18.3% of office buildings were leased and 81.7% owned.
- One local authority does not pay a lease on any building. Of the other eight participating local authorities, most of them, six (75%), have negotiated rent reductions in the past five years on buildings they pay rent/lease payments on.
- Most of the participating local authorities lease very few, if any, buildings commercially; the majority of buildings/space that the local authorities lease/rent out is purely for community use for which they charge nominal rents.
- Three of the nine local authorities incurred costs on buildings the local authorities pay a lease on but which were vacant during 2015. It was not feasible for the local authorities to terminate the leases and they were unable to sublet the buildings at that time.
- Two larger local authorities did not provide figures for the annual maintenance spend on their building portfolio as the information was not readily available in the format and to the level of detail required. Historically this level of information/data has never been generated/used by local authorities.
- Only three (33%) of the nine participating local authorities were able to provide some form of maintenance spend figures for each of their individual office buildings.
- Most of the participating local authorities appear to have no coding system to separate/analyse property related costs by individual building. In the past, cost codes were not set up to filter cost data by individual building.

## Condition and Required Maintenance of the Corporate Estate

- Five (56%) of the local authorities have full time Facilities Managers.
- Of the nine participating local authorities, maintenance requirements are dealt with by a central unit in five (56%) of them.
- For five (56%) of the local authorities surveyed, maintenance and repair requests are formally logged and tracked. For three (33%) other local authorities, they are logged for their main offices but not for other area offices/buildings. In most cases there are no formally documented criteria for prioritising requests.
- For three of the local authorities surveyed there are no set protocols for response times to urgent and routine repairs/maintenance requests, and in a further one protocols are not documented.
- Only one local authority carries out regular surveys/inspections to assess the condition of their building portfolio. These are carried out by building managers who record on maintenance sheet templates. Three others carry out informal checks/surveys. One local authority carries out a full survey annually on its main office building only. The other four local authorities only carry out statutory checks, eg fire safety, lifts, etc.
- Of the nine participating local authorities, four (44%) had no programme of planned or preventative maintenance for their corporate estate. Two have short term plans (< 2 years), two have medium term (2-5 year) plans for their main office buildings only. The other local authority has building managers who assess needs but the plans are not included in a formal strategic document.
- Five (56%) of the local authorities surveyed do not draw up prioritised maintenance schedules. Only one of the four local authorities with maintenance schedules has the estimated required maintenance split between urgent works, essential works (within 2 years) and other/desirable works (3-5 years).
- The average split across the nine participating local authorities of their annual maintenance costs between planned and reactive maintenance was 42% planned maintenance and 58% reactive maintenance; however the percentages varied widely amongst the local authorities with planned maintenance ranging from 0% to 87%.



## Contract/In House Maintenance of the Corporate Estate

- When asked to give a percentage split of maintenance work in house and out sourced, the average over the nine local authorities surveyed was 24% in house and 76% out sourced; however, this varied from 0% in house to 90% in house across the local authorities.
- Six (67%) of the local authorities surveyed said that they do have an established approved panel of contractors in place for minor refurbishments and repairs. Another local authority has a panel in place for its main office only.

## Recommendations

The following is a summary of the recommendations contained in the main body of the report:

### Capacity and Utilisation of the Corporate Estate

- Local authorities should evaluate their space allocation to ensure maximum utilisation of existing space and assess whether or not a move towards more open plan office space would be beneficial and result in cost savings. It should not be presumed that staff of a certain grade or above must have their own cellular/walled office of a minimum size.
- Local authorities should review how they currently store records/paper documents and consider whether alternatives such as increased use of offsite storage or a software based paperless approach would be more cost effective.
- Local authorities should consider desk sharing, for example, for work sharing staff and hot desks, for example, in the case of staff who spend most of their time outdoors or who frequently spend time in more than one office location.
- For vacant office space there should be a documented plan in place as to how the space will be used.
- Local authorities should record average sqm/workstation in their office buildings and use internationally recognised key performance indicators, as outlined in Appendix 1, such as sqm per workstation and sqm per full time equivalents (FTE) in order to compare their own office buildings and to other local authorities. Local authorities should calculate and monitor workstations per FTE and have a documented plan in place for excess workstations.

### Corporate Estate Strategic Management

- All local authorities should have a Property Asset Management Plan in place for their building portfolio. This is a documented strategy for corporate estate management.
- All local authorities should have staff assigned to building asset management at a strategic level, reviewing the local authority's property portfolio as a whole. They should receive appropriate training in property management.
- For all vacant local authority buildings there should be a documented plan in place as to how the buildings are going to be used or if they will be sold or leased.
- There should be regular property reviews and management meetings to discuss property related issues and portfolio rationalisation.
- Local authorities should have their own documented procedures in place for property purchases and disposals.

### Recording the Corporate Estate

- All local authorities should prepare and maintain a database of their property portfolio, in order to get a complete picture of the buildings they own, and to monitor the extent to which they are being used.

- Each building should have a unique cost code or alternative method to filter information relating to a particular building.
- All local authorities should maintain a register as to the whereabouts of the title deeds for all their buildings. Title deeds should be kept in a fireproof safe/room and copies scanned.

### **Costs Associated with the Corporate Estate**

- Local authorities should maintain a database/listing of all leases entered into. Leases should be kept to a minimum, however there may be reasons why this is not possible, such as lack of capital funding, building location requirements and flexibility for varying accommodation demands.
- Local authorities should obtain professional advice for new leases and seek flexible lease terms, ensuring that rent reviews are built into contracts. Leases should be reviewed periodically to negotiate rent reductions if the lease structure and market conditions allow.
- Local authorities should regularly monitor the costs associated with their individual buildings, such as maintenance, cleaning, security, insurance costs, etc. They should use collaborative procurement across all buildings to achieve better prices. Local authorities should also monitor utility costs.

### **Condition and Required Maintenance of the Corporate Estate**

- Local authorities, after thorough assessment, should have a programme of planned maintenance in place for their entire building portfolio; a move to more planned maintenance will lead to less reactive maintenance, thereby reducing emergency repairs and higher costs. In the longer term this will save the local authority time, inconvenience and money.
- Local authorities should ensure that building condition surveys are carried out for their property portfolio by suitably qualified staff, such as engineers or architects at regular intervals.
- Local authorities should properly log and track maintenance and repair requests. They should have a documented protocol in place for response times depending on the nature/urgency of the request and a system/criteria in place for prioritising maintenance and repairs.
- All local authorities should have staff assigned to building asset management at an operational level. They should have a dedicated staff member/unit overseeing the facilities management and maintenance function, so there is a standardised, co-ordinated approach to the operational running and maintenance of the entire building portfolio.
- Local authorities should monitor their maintenance spend by individual building for corporate offices and other buildings. The split between planned and reactive maintenance should be tracked and targets set to keep reactive maintenance as low as possible.

### **Contract/In House Maintenance of the Corporate Estate**

- Based on the previous year's spend, local authorities should carry out an exercise to assess whether it is more economical and efficient to have in house or outsourced maintenance staff.
- Local authorities should maintain an up to date panel of contractors, in line with the appropriate procurement procedures, for maintenance work and minor repairs/refurbishments to enable them to negotiate discounted rates and to speed the repairs process up.

# 1. Introduction

## 1.1 Background

This Value for Money study seeks to identify the current position in terms of management and maintenance of Corporate Estate in local authorities and to recommend ways of improving existing procedures, practices and systems, thereby promoting economy, efficiency and effectiveness.

## 1.2 Scope of the Study

The study relates to local authority buildings only, it excludes land. It relates to all local authority buildings excluding local authority housing, theatres, leisure facilities and community facilities.

The questionnaire was divided into two sections. Section 1, Parts A and B, were to be completed only for corporate office buildings (i.e. main offices and area offices) over 100sqm. This section was designed to give a profile of the participating local authorities' corporate office buildings, how they are being used and what kind of information the local authorities have and monitor in relation to their office building portfolios.

The areas addressed in Section 1 were:

- Capacity and Utilisation of the Corporate Estate, and
- Completion of an appendix of detailed information for individual office buildings with office space over 100sqm in size.

Section 2, made up of Parts C to G, relates to all Local Authority buildings (excluding local authority housing, theatres, leisure facilities and community facilities) of all sizes. This section was designed to understand the participating local authorities' current practices and forward planning in relation to the management and maintenance of their corporate estates.

The areas addressed in Section 2 were:

- Corporate Estate Strategic Management
- Recording the Corporate Estate
- Costs Associated with the Corporate Estate
- Condition and Required Maintenance of the Corporate Estate
- Contract/In House Maintenance of the Corporate Estate

## 1.3 Basis for Selection

The nine local authorities participating in the study were chosen following a review of their property portfolios per the State Property Register, taking mergers into consideration and also to ensure a geographical spread of small, medium and large local authorities. The participating authorities were Dublin and Galway City Councils and Cavan, Cork, Kilkenny, Louth, South Dublin, Tipperary and Wexford County Councils.

## 1.4 Methodology

A questionnaire was prepared with the assistance of a number of local authorities. The questionnaire was issued to nine local authorities. Visits were carried out to the participating authorities and the responses to the questionnaire were validated. A review of international best practice in the area of corporate estate management and maintenance was carried out and opportunities to apply to local authorities identified.

## **1.5 Advisory Group**

As part of the study process an advisory group was established comprising representatives from the local authorities' corporate services directorates, the Local Government Management Agency (LGMA), the Office of Public Works (OPW) and Departmental officials.

## 2. Profile of Corporate Estates in Local Authorities

### 2.1 General

A questionnaire was prepared and issued to nine local authorities. It included the following sections:

- Completion of an appendix of detailed information for individual office buildings over 100sqm in size
- Capacity and Utilisation of the Corporate Estate
- Corporate Estate Strategic Management
- Recording the Corporate Estate
- Costs Associated with the Corporate Estate
- Condition and Required Maintenance of the Corporate Estate
- Contract/In House Maintenance of the Corporate Estate

The information gathered from the questionnaires showed the varied profiles of the corporate estates of the nine participating local authorities. The profile of the nine participating local authorities for the following types of building was as follows:

**Table 1: Profile of building types for 9 participating local authorities**

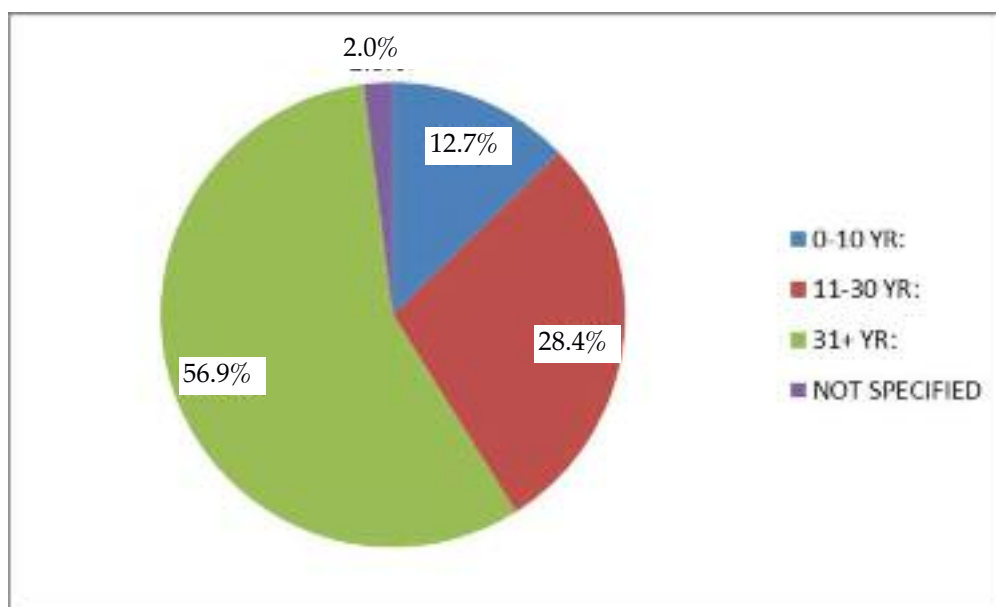
Local Authority	Office Buildings	Depots	Fire Stations	Libraries	Training Centres	Total
Cavan County Council	7	5	11	10	1	34
Cork County Council	57	10	27	30	1	125
Dublin City Council	21	74	15	21	1	132
Galway City Council	2	1	0	0	0	3
Kilkenny County Council	11	13	7	8	3	42
Louth County Council	5	5	5	5	1	21
South Dublin County Council	2	11	0	7	0	20
Tipperary County Council	11	20	9	13	2	55
Wexford County Council	8	2	5	5	0	20
<b>Total</b>	<b>124</b>	<b>141</b>	<b>79</b>	<b>99</b>	<b>9</b>	<b>452</b>

Source: Questionnaire issued to the nine participating local authorities

In terms of building portfolios, Appendix 1 of the questionnaire requested detailed information for individual office buildings with office space greater than 100 sqm (this includes buildings the local authorities own or lease). The number of office buildings falling into this category ranged from two buildings to forty buildings amongst the nine participating local authorities. The total number of FTEs per local authority in these buildings (with office space greater than 100 sqm) ranged from 253 to 1,997.

The age profile of the buildings varied considerably between local authorities, as shown in the table/chart below:

**Figure 1: Building age as at 31 December 2015 for 9 participating local authorities**



Source: Questionnaire issued to the nine participating local authorities – Appendix 1: relates to buildings with office space over 100 sqm only

**Table 2: Building age as at 31 December 2015**

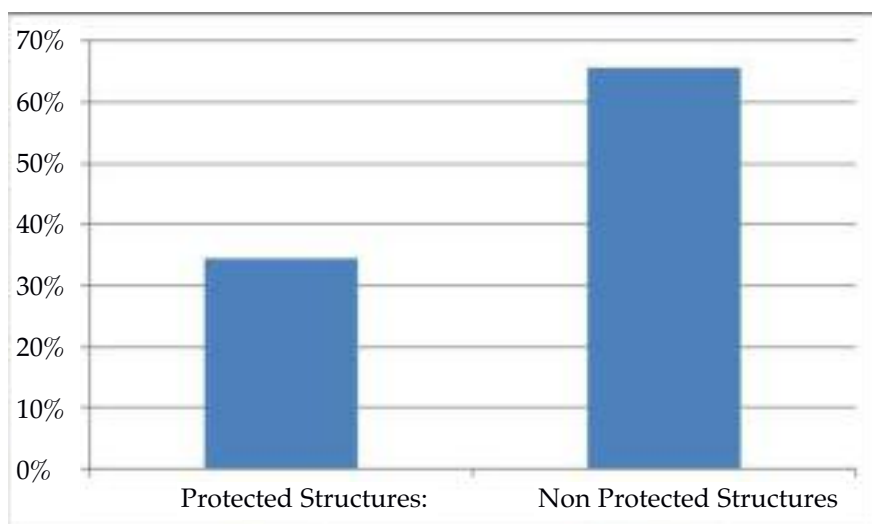
Local Authority	0-10 YR %	11-30 YR %	31+YR %	Not Specified %
Cavan County Council	33.3	0	66.7	0
Cork County Council	15	20	62.5	2.5
Dublin City Council	0	47.6	47.6	4.8
Galway City Council	0	66.7	33.3	0
Kilkenny County Council	12.5	12.5	75	0
Louth County Council	20	20	60	0
South Dublin County Council	0	100	0	0
Tipperary County Council	11.1	33.3	55.6	0
Wexford County Council	25	25	50	0
Total	12.7	28.4	56.9	2.0

Source: Questionnaire issued to the nine participating local authorities – Appendix 1: relates to buildings with office space over 100 sqm only

The majority of the office buildings are 31 years old or older and this impacts on the condition of the buildings, the levels of maintenance required, and on the layout of the buildings, with older buildings being less open plan. When analysing individual results and findings, account has to be taken of the individual building portfolio of the local authority.

Whether a building is a protected structure or not will have an impact on the modifications or refurbishments which can be carried out, and the costs involved in maintenance and refurbishment, especially if specialists are required to carry out the work. Of the nine participating local authorities the percentage of protected structures was as follows:

**Figure 2: Overall split of protected and non protected structures for 9 participating local authorities**



Source: Questionnaire issued to the nine participating local authorities – Appendix 1: relates to buildings with office space over 100 sqm only

**Table 3: Breakdown of protected and non protected structures by local authority**

Local Authority	Protected Structures %	Non Protected Structures %
Cavan County Council	33.3	66.7
Cork County Council	40	60
Dublin City Council	14.3	85.7
Galway City Council	0	100
Kilkenny County Council	50	50
Louth County Council	40	60
South Dublin County Council	0	100
Tipperary County Council	55.6	44.4
Wexford County Council	37.5	62.5
Total	34.3	65.7

Source: Questionnaire issued to the nine participating local authorities – Appendix 1: relates to buildings with office space over 100 sqm only

This shows the variation between the participating local authorities, with some having no protected structures whilst others have 50% or more protected structures.

## 3. Findings

### 3.1 Capacity and Utilisation of the Corporate Estate

#### Mergers

Of the nine participating local authorities, six were affected by the town and borough council mergers in 2014. In addition, one of the six was also part of a county council merger. Following the mergers, the majority of town and borough council buildings were used as offices to serve the new municipal districts that were established at the time or to rehouse sections/staff from the county council. Therefore, in 50% of the participating local authorities, affected by mergers, no buildings became vacant as a result of the mergers, with most former town and borough council staff working in the municipal district offices or being redeployed to county council headquarters. In the remaining 50%, one local authority sold a town council building, whilst another rented out a building and converted a further premises into a library. The remaining local authority, which involved the merger of two former county councils and town councils, has two office buildings leased out and a further two vacant with a view to leasing or selling them, although they are in poor condition.

#### Vacant Office Space

The questionnaire results showed that, of the nine participating local authorities, four (44%) had some vacant office space, ranging from eight/ten workstations to full office buildings. Of these four local authorities, all had plans in place to use the vacant space such as renovations, disposals or plans for expansion. In one of the four, the office space had been vacant for two years but they were in negotiations to let out part of the space, with the remainder expected to be filled by increasing staff numbers.

The table below shows the number of empty workstations in office buildings over 100sqm. and the number of FTEs relates to staff based in these buildings only. It should be noted that this was the position when the survey was completed and these numbers change on a regular basis. The empty workstations are across a number of buildings within each local authority and are dispersed around the buildings in various departments/sections rather than all being in one area. The number of empty workstations also reflects the significant reductions in staff over the past number of years. There have been some additions to staff numbers recently; however, a number of retirements are expected over the next five years.

**Table 4: Empty workstations**

Local Authority	No. FTE	No. workstations	Empty workstations	% Empty workstations
Cavan County Council	232	262	30	11.5
Cork County Council	922.55	1,103	180.45	16.4
Dublin City Council	1,997.1	2,375	377.9	15.9 <sup>1</sup>
Galway City Council	253	247	-6	-2.4 <sup>2</sup>
Kilkenny County Council	258	299	41	13.7
Louth County Council	364	426	62	14.6
South Dublin County Council	601	619	18	2.9
Tipperary County Council	529	561	32	5.7
Wexford County Council	341	339	-2	-0.6 <sup>3</sup>
Total	5,497.7	6,231	733.4	11.8



Source: Questionnaire issued to the nine participating local authorities – Appendix 1: relates to buildings with office space over 100 sqm only

- 1 Seventy FTE will be moving from another office shortly, this will reduce the % empty workstations to 13%.
- 2 Four shared desks in a building with 10 FTE.
- 3 25 FTE are headquartered in but not based in one of the buildings.

## Workstations

Of the local authorities surveyed, all reported that staff members had their own desks/workstations. Two of the nine local authorities reported that in a small minority of cases desks are shared, for example, in the case of work sharing staff. One local authority said that some staff eg inspectors/clerk of works who spend the majority of their time outdoors would have smaller desk space. Another local authority has hot desks set up in their main civic offices for visiting staff who regularly need to be in two locations.

All participating local authorities comply with the health and safety requirements for minimum space per workstation, being assessed by their own health and safety staff or another suitably qualified person.

Of the nine participating local authorities, none of them record the average space per workstation in their office buildings but all are above the 4.65sqm minimum space required per workstation.

## Office Layout

All of the nine participating local authorities have a mixture of open plan and cellular offices. In the majority of cases cellular offices are assigned to senior staff of grade 7 and upwards. Some of the local authorities explained that because the office buildings were of an older design, there was not the same emphasis on open plan. One local authority said one of its civic offices is mostly open plan whereas the other has a more cellular office structure and therefore some staff from grade 6 upwards have cellular offices. One local authority stated that the most recently built buildings are mostly open plan and although the older buildings have cellular offices, these would generally be smaller in size than the few cellular offices in the more modern buildings. Per the survey responses, there is no set size (sqm) of office/workstation space determined by grade but that depending on the functions they carry out some staff, eg engineers or technicians would have larger workstations to facilitate their work.

## 3.2 Corporate Estate Strategic Management

### Property Asset Management Plan

Only one of the nine participating local authorities surveyed has a documented Property Asset Management Plan for their building portfolio. This was performed as part of a merger and sets out a strategy for the management of property in local authority ownership. The other 89% of the participating local authorities have no documented strategy in place for the strategic management of their building portfolios. These local authorities tend to have a less formalised approach to asset management. One local authority said that while there are different aspects of property management going on in various departments, there is a need to have a coordinated approach, to knit together the strategic and the operational sides of property management, and to have a specific dedicated property management role. Some of the local authorities said that they do have maintenance schedules in place for their buildings. Three of the local authorities surveyed do have upcoming plans to review facilities management within their local authorities.

## Reviews of Property Portfolio

Of the nine participating local authorities, four (44%) said they undertook regular property reviews. Two of the four had documented reviews, of these two, one has a Property Management Team who meet quarterly. A further large local authority said there were ongoing property reviews by the Chief Executive and the Senior Management Team. The fourth local authority said that its buildings were under constant operational review though there were no formal reports. Of the five local authorities who said that they did not undertake regular property reviews, one reported that building reviews occur on an ad hoc basis and are minuted as part of team meetings. Another reported that the budget process drives any property review, eg the need for building repairs or improvements.

In relation to surplus property, only one of the nine participating local authorities has a documented action plan/policy for buildings /office space no longer required. The remaining eight have no formal action plan, however four noted that vacant or surplus building/office space is under constant review by the management team.

## Property Transactions

All of the participating local authorities said that they have a formal procedure for property disposals, which are in accordance with Section 183 of the Local Government Act 2001. Only three (33%) of the nine participating local authorities documented their disposal procedures. Again for property purchases, all nine local authorities said they have a formal procedure in place; however, only three (33%) of the local authorities document their property purchase procedures.

Of the nine participating local authorities, seven (78%) consult with the State Property Register or interact with other public body property holders regarding property swaps, purchases or disposals. The other two (22%) said that it has not been applicable/the need has not arisen to date.

Three (33%) of the local authorities surveyed follow the protocol set out in DPER Circular 11/15: Protocols for the Transfer and Sharing of State Property Assets. One other local authority said that they partially follow the protocol. The remaining five local authorities do not follow the protocol, two stating that the requirement has not arisen to date.

## Strategic Property Management Staffing

67% (six) of the local authorities surveyed noted that they have staff assigned with responsibility for building asset management at a strategic level. This ranged from 10% of one Director of Services time in one local authority, to a combined approach from various sections including Property Management Section, Facilities Management Section and the City Valuer's Office in another large local authority. The survey found that in most cases where staff are assigned to strategic property management, the staff spend less than 25% of their total FTE time carrying out strategic property management work. One local authority has a Central Property Unit with two full time staff (100% of their time) dedicated to strategic property management. The survey showed a disjointed approach to property management and maintenance in most local authorities, with no one person or unit having a full overview of, or responsibility for the building portfolio as a whole. For example, in some cases practices were being carried out one way in the main local authority offices but differently in area offices, depending on the people managing them.

### 3.3 Recording the Corporate Estate

#### Property Information Database

Most of the local authorities surveyed record information regarding their building portfolio, on their fixed asset register. Two of the local authorities record information on their property interest register, another, records information on a property management system. Another local authority is currently developing a property management system, expected to be completed by the end of 2016. Other local authorities, in addition to a fixed asset register, have various pieces of property information recorded on spreadsheets, GIS mapping systems and insurance registers.

All nine participating local authorities say they have completed the information required on the State Property Register, as requested by the OPW.

#### Title Deeds

In four of the participating local authorities title deeds are held by the Law Agents/Department. Three local authorities hold their title deeds in other locations within the local authority. In one local authority, title deeds are held by either the law department or by other departments within the local authority. For the final local authority title deeds are held by either the local authority's external solicitors or in the local authority's archives.

For most of the participating local authorities, newer buildings or buildings purchased in recent years are registered with the Property Registration Authority of Ireland, whereas older buildings are Registry of Deeds Title.

#### Cost Codes

Of the nine participating local authorities, five (56%) have a separate cost code for each of their building units. The other four (44%) do not. One of these four reported that they have numerous codes for each building/department.

### 3.4 Costs Associated with the Corporate Estate

#### Leased Buildings

The questionnaire results show that, in the nine participating local authorities, 18.3% of office buildings are leased and 81.7% are owned. The breakdown by local authority was as follows:

**Table 5: Breakdown of owned and leased buildings by local authority**

Local Authority	owned %	Leased %
Cavan County Council	100	0
Cork County Council	87.5	12.5
Dublin City Council	61.9	38.1
Galway City Council	66.7	33.3
Kilkenny County Council	80	20
Louth County Council	80	20
South Dublin County Council	100	0
Tipperary County Council	88.9	11.1
Wexford County Council	87.5	12.5
Total	81.7	18.3

*Source: Questionnaire issued to the nine participating local authorities – Appendix 1: relates to buildings with office space over 100 sqm only*

Local authorities surveyed are paying between €43 and €485 per sqm for buildings depending on the building age, type, condition and location.

In six of the nine participating local authorities, the local authority has negotiated rent reductions in the past five years on buildings that they pay rent/lease payments on. One local authority does not pay a lease on any building. One local authority with no rent reductions in the past five years stated that, at the time the contracts were entered into, there were upward only clauses. They advised that new leases entered into subsequently have rent reviews both up or down built into them. In the past, lease arrangements were more formal, especially on longer term leases, with more restrictions and less scope for negotiation. The remaining local authority with no rent reduction, only leases one small shop and the rent they pay on it is already minimal. Of the rent reductions achieved in the last five years one local authority reduced the annual rent on one of its buildings by (€30,000) 60% and on another building by (€124,000) 58.6%, for the term of the new contracts. Three other participating local authorities have achieved rent reductions of 35%, 28.8% and 27.1% on the annual rent for the term of the new contract. Therefore, there may be scope for significant reductions in rents/leases that the local authorities are paying subject to lease terms and market conditions.

For buildings, surveyed local authorities lease out to third parties, the amount they charge ranges from nominal rents, for a particular use, to market rent, depending on the nature of the arrangement. Most of the participating local authorities lease out very few, if any, buildings commercially; the majority of buildings/space that the local authorities lease/rent out is purely for community use and benefit, for which they charge nominal rents.

### Vacant Buildings

Of the nine local authorities surveyed, four (44%) incurred no costs in relation to vacant buildings/space. Two local authorities surveyed only incurred minimal costs, such as boarding up and alarms. Three of the nine local authorities incurred costs on buildings they lease but which were vacant during 2015. For two of these local authorities the costs were quite

considerable, however, one of these local authorities has now sub-let the building to another tenant and the other local authority has since successfully negotiated the surrender of the lease on one of two vacant properties with the landlord.

### **Security, Cleaning, Insurance & Utility Costs**

The participating local authorities were able to provide total figures for security, cleaning and insurance costs for their overall building portfolios; however, the information was not available in a consistent format across all of the local authorities. One of the merged local authorities could not provide figures for 2013 as pre merger the various bodies had different charging codes.

Most of the participating local authorities were able to provide some utility spend figures for their individual office buildings over 100sqm; however, some of them could only provide figures for some of these buildings. Also, some of the figures provided were based on utility bills, some on meter readings and some were estimated. One local authority did not provide figures as their utility bills were grouped together rather than charged by building, but noted that they had a working group looking at the matter.

### **Maintenance Costs**

Six (67%) of the nine participating local authorities were able to provide figures for the annual maintenance spend on the building portfolio; however, the information was not available in a consistent format across all of the local authorities. One other local authority provided best estimate figures. They hope to review their cost codes to enable them to separate out operating costs and maintenance costs in the future. One of the six local authorities providing figures noted that they related to corporate office buildings only as it would be difficult to retrieve the cost data in relation to other buildings under the budgetary control of other sections. Two larger local authorities did not provide the information as it was not readily available in the format and to the level of detail required, mainly due to the way cost codes were originally set up. Historically this level of information/data has never been generated /used by local authorities. Only three (33%) of the nine participating local authorities were able to provide some analysis of maintenance spend figures for each of their individual office buildings with office space over 100sqm, again as cost codes were not set up to provide this level of detail.

Most of the nine local authorities appear to charge maintenance costs to a general maintenance code, with no coding system to separate/analyse these costs by individual building.

Where buildings are shared with other organisations, three local authorities split the maintenance costs on a floor area/pro rata basis. Another local authority divides the cost in to three equal amounts between three organisations using the space. Two further local authorities charge a set annual amount, one builds the charge into the rent and one shares the repairs depending whether they are internal or external. The remaining participating local authority does not share buildings.

## **3.5 Condition and Required Maintenance of the Corporate Estate**

### **Operational Property Management Staffing**

All of the local authorities surveyed have some staff involved in the operational management of their buildings. Five (56%) of the local authorities have full time Facilities Managers, another one was in the process of recruiting a full time Facilities Manager at the time of the survey. One local authority has a foreman but is planning on moving to a dedicated person for Facilities

Management. A further local authority has two building managers for their two main office buildings, but they spend a considerable part of their time (40% and 90%) on other duties as well. The remaining local authority has a senior engineer who is a contact point for requests for works.

### **Maintenance Requests**

Of the nine participating local authorities, maintenance requirements are dealt with by a central unit for five (56%) of them. For one (11%) local authority maintenance requirements are dealt with on a section by section basis. For the remaining three (33%), it is a mix of the two; two of the larger local authorities have a central unit for their main offices and then maintenance is dealt with on a section by section basis for all other offices/buildings. The other local authority, with a mix, has its budget controlled by a central unit but the work is dealt with by the individual sections.

For five (56%) of the local authorities surveyed maintenance and repair requests are formally logged and tracked. For three (33%) other local authorities, some are logged and some are not; they are logged for their main offices but not for other area offices/buildings. The remaining local authority does not formally log maintenance/repair requests. Four of the local authorities use a computerised system or database for maintenance requests, two use spreadsheets, one has a form on their intranet for people to log requests and one records them via the email system. The priority of requests is generally decided on by Facilities Management where the local authority has such a person/section, otherwise by line/senior managers for the building it relates to. In most cases, there is not a formally documented criteria for prioritising requests. For three of the local authorities surveyed, there are no set protocols for response times to urgent and routine repairs/maintenance requests. Five local authorities do have protocols in place but the degree of detail varies and in one of these local authorities the protocols are not documented. Another local authority does have response time protocols in place for its main offices but not for any other building.

### **Building Condition Surveys/Inspections**

The participating local authorities were asked if regular inspections/surveys were carried out to assess the condition of their building portfolio. In one local authority, surveys/inspections are carried out regularly by building managers who record the results on maintenance sheet templates. They also have an inspection report template for vacant buildings. A further three local authorities carry out informal checks/surveys, eg reactive inspections, visual surveys or as a result of fire surveys picking up other issues. Another local authority carries out a full survey annually on its main office building but no surveys on any of its other buildings. The remaining four local authorities only carry out statutory checks, eg fire safety, lifts, etc.

Of the local authorities who do carry out surveys, some are carried out by external surveyors and some by their own clerk of works, technicians and engineers.

All of the participating local authorities do have surveyors/engineers on staff; however, they have no spare time/capacity to be assigned to such duties.

### **Maintenance Planning/Preventative Maintenance**

Of the nine participating local authorities, four (44%) have no programme of planned or preventative maintenance for its corporate estate. Two of the five local authorities who have plans in place, only have short term plans in place covering up to two years ahead, two of the larger local authorities have medium term (2-5 year) plans in place but only for their main office buildings. The remaining local authority said all of its buildings have a building manager who

assesses needs and puts a plan in place, but the plans are not included in a formal strategic document.

Of the nine participating local authorities, eight (89%) assess the level of required maintenance on a building by building basis. The other one was on a department by department basis. None of them assess required maintenance on an overall building portfolio basis. Five (56%) of the local authorities surveyed do not draw up prioritised maintenance schedules. Two (22%) have maintenance schedules in place for their main office building (and for one of them also for their high priority protected structures). The other two have maintenance schedules for the year ahead only.

Only one of the four local authorities with maintenance schedules, split the estimated required maintenance between urgent works, essential works (within 2 years) and other / desirable works (3-5 years).

Four (44%) of the nine local authorities surveyed noted that there is a backlog of required maintenance in their local authority, with one of these listing financial constraints as the reason that focus is on ongoing maintenance rather than asset management. Two local authorities have no backlog, while another two have a backlog on their older buildings only. The remaining local authority reported it did not know if there was a backlog or not as all maintenance is currently reactive.

The participating local authorities were asked to give the percentage split of their annual maintenance costs for 2015 between planned and reactive maintenance. For seven of the local authorities the figures were estimated and the other two were based on actual figures. The average split across the nine participating local authorities was 42% planned maintenance and 58% reactive maintenance; however, the percentages varied widely amongst the local authorities. The highest percentage of planned maintenance was 87% in one local authority, the lowest being 0% planned maintenance in two local authorities. Local authorities stated that maintenance was mainly reactive in the past due to a lack of resources available for property and maintenance.

**Table 6: Estimated % split between planned and reactive maintenance for 2015**

Local Authority	Planned %	Reactive %
Cavan County Council	87	13
Cork County Council	30 *	70 *
Dublin City Council	80	20
Galway City Council	40	60
Kilkenny County Council	25	75
Louth County Council	0	100
South Dublin County Council	36	64
Tipperary County Council	80	20
Wexford County Council	0	100
Total	42	58

Source: Questionnaire issued to the nine participating local authorities

\*The split for its main office building was 50.5% planned, 49.5% reactive. The split per the table relates to all of its other buildings. This split was used as it relates to the majority of its buildings.

### 3.6 Contract/In House Maintenance of the Corporate Estate

#### In House Maintenance Staff

Five (56%) of the participating local authorities have little or no in house maintenance staff for their building maintenance. Of these five, four have caretakers for their main office buildings who carry out very basic maintenance. Of the four local authorities who do have in house maintenance staff, the number of staff ranges from 2.5 to 24. Four local authorities use their housing maintenance staff for corporate building maintenance on occasion.

When asked to give a percentage split of maintenance work in house and out sourced, the average over the nine local authorities surveyed was 24% in house and 76% out sourced; however, this varied from 0% in house to 90% in house across the local authorities. Some local authorities noted that it was very difficult to quantify but did provide best estimates.

**Table 7: Estimated % split between in house and outsourced maintenance work**

Local Authority	% In house	% Outsourced
Cavan County Council	10 *	90 *
Cork County Council	0	100
Dublin City Council	90	10
Galway City Council	30	70
Kilkenny County Council	50	50
Louth County Council	0	100
South Dublin County Council	25	75
Tipperary County Council	10	90
Wexford County Council	0	100
Total	24	76

Source: Questionnaire issued to the nine participating local authorities

\*The split for its main office building was 12.5% in house, 87.5% outsourced. The split per the table relates to all of its other buildings. This split was used as it relates to the majority of its buildings.

Of the nine participating local authorities, three reported that their in house maintenance staff are skilled in one area only; however for one of the three they have a system of 'main trade makes good', i.e. an electrician might carry out some basic carpentry work to complete the electrical work, where practical and safe to do so. In four local authorities, their in house maintenance staff are multi skilled, and for the remaining two it is not applicable, as they perform no in house maintenance.



## Outsourced Maintenance Work

All of the surveyed local authorities outsource some building maintenance work, all of which requires skilled tradesmen. The nature of the work mainly includes electrical, plumbing, carpentry, glazing, roofing and painting.

Three (33%) of the local authorities surveyed do have set term maintenance contracts in place for minor refurbishments and repairs. One local authority has maintenance contracts for its main office building but not for its other buildings. The remaining five (56%) local authorities have no set term maintenance contracts in place for minor refurbishments and repairs, however one of the five noted that their maintenance framework was out of date and they were in the process of setting up a new framework tender.

Six (67%) of the local authorities surveyed do have an established approved panel of contractors in place. Two of these local authorities have framework contracts in place for their housing maintenance and these are used for corporate building maintenance as required. One local authority has a panel in place for its main office building but not for any of its other buildings. The other two local authorities did not have panels in place, although one was in the process of a new framework tender. The term of the frameworks ranges from one year to five years across the local authorities.

One local authority stated that in relation to protected structures there is a need to go to separate procurement for specialist, skilled craftsmen.

## 4. Best Practice

### 4.1 General

Various international studies and reports have been carried out in the area of corporate estate maintenance and management. They recognize the need for proper asset planning and management in order to make cost savings.

### 4.2 Scotland

Audit Scotland has identified a set of principles that form the basis for its approach to Best Value audit across the public sector. In relation to Asset Management, some of the areas it looks at are:

- (i) To what extent has the organisation developed an asset management plan?

The asset plan includes:

- organisational arrangements for asset management
- strategic objectives for asset management that clearly link with corporate objectives in the corporate plan
- medium-term (3-5 years) needs based on the direction of travel for the organisation
- the condition and performance of the current asset base and any risks for continued use
- details of how assets will be retained, acquired or disposed of, and
- an action plan that specifies timescales and those responsible for delivery. The action plan should specify short-term actions (1-3 years), but may have some medium-term (3-5 years) actions.

- (ii) To what extent does the organisation have acquisition and disposal policies or guidelines?

- (iii) How well are staff involved in asset management trained?

- (iv) To what extent does the organisation have performance indicators and targets for asset management and are they monitored regularly?

- (v) Does the organisation hold basic information on its assets, including their number, location, condition, replacement plans and any work carried out? How often is this information updated?

- (vi) How well does the organisation actively manage its maintenance requirements?

- (vii) Does the organisation have a maintenance programme in place that includes both planned and reactive maintenance? Are priority areas and funding identified?

### 4.3 Scottish Futures Trust

Scottish Futures Trust (SFT) set out to identify ways to improve the efficiency and effectiveness of property asset management across the public sector in Scotland.

They recognised that asset management is important because assets are the second largest cost to the public sector after payroll costs.

Asset management includes the process of optimising the use and management of property assets (land and buildings) with the aim of releasing financial and service benefits; saving money on occupying buildings can potentially mitigate cuts to staff and services.

SFT's study found that over 1,000 suppliers provide property and facilities management services to participating authorities revealing a fragmented supply chain, particularly in facilities management services. This is further evidence of the opportunities for efficiencies from consolidating supply contracts and joint procurement.

They found that IT applications used ranged from integrated Computer Assisted Facilities Management (CAFM) systems and property management applications within SAP and Oracle, to Excel spreadsheets and Access databases.

The study found significant areas for improvement, indicating where resources need to be focused and potential efficiency savings that can be released by moving to best practice:

- Surplus property – establish a mechanism to highlight surplus space and land to other public authorities prior to disposal
- Mapping local assets, centralising and sharing property and facilities management. The establishment of a web-based platform will allow each organisation's property assets to be viewed by others. This should incorporate a mapping facility (e.g. GIS)
- Workspace and flexible working – greater co-location and sharing of back office workspace; faster adoption of agile working and desk sharing
- Staff sharing office workstations and meeting space
- A centralised property function
- Collaborative procurement to access economies of aggregation that lower the cost of running facilities
- Delivering shared facilities including depots and workshops, offices, customer contact centres and training centres, and
- Co-location - joint occupation of property to reduce floor space and improve the customer experience

The Independent Budget Review (IBR) panel in Scotland reported in July 2010 on their view of the key challenges and choices in a significantly constrained public spending environment. In their report, the panel identified **asset management** as a key area for focus.

The report says:

*“After payroll costs, the largest outlay for the public sector is the amount spent on the acquisition and upkeep of physical assets. The public sector in Scotland is responsible for a large portfolio of assets, much of it in the form of buildings and other public infrastructure. Effective asset planning and management helps public bodies to improve their financial and delivery performance by concentrating their use and maintenance of assets. Poor asset management leads to higher running costs, longer maintenance arrears, reduced market values and shorter asset lives – all of which represent an unnecessary and preventable drain on resources.”*

#### 4.4 England – Audit Commission

The Audit Commission published a report called 'Managing council property assets' in June 2014.

The report found that councils that manage buildings effectively will:

- treat land and buildings as a strategic resource that supports their wider objectives, as part of their approach to strategic financial management
- sell or transfer property they don't need

- increase the efficiency of retained buildings, for example, through insulation and solar panels on roofs
- buy or lease only what they need, depending on local property market prices, their anticipated future space requirement, and their long- and medium-term financial strategies
- reduce the need for buildings, by promoting digital ‘self-service’ access to services
- reduce the need for space by encouraging staff to work flexibly using smart technology
- use space more efficiently by sharing with other organisations and allowing multiple uses of buildings
- maximise income from investment property
- generate income from the operational estate, by renting unused space, and
- collect and analyse robust data on size, use, occupancy, condition, running costs, and have an eye to the open market value.

The report suggested that Councils should consider renovating or replacing some old properties to reduce maintenance costs, spend less on utility bills, and increase staff productivity through technology and workplace design.

It recognised that Councils need good data to answer strategic and operational questions about how many properties they own or lease, whether they are in the right places, whether they should keep, sell, or transfer them, and how much they should invest in them.

The report noted that surplus assets are not used to deliver services or generate income, but councils incur costs in maintaining them until they dispose of them.

The Audit Commission’s report ‘Room for Improvement: Strategic asset management in local government’ June 2009 recommended that councils should:

- ensure that asset management plans include quantification of the potential costs and benefits of proposals
- identify areas for improvement by collecting data to populate corporate value for money indicators and participate in benchmarking
- review property holdings and reduce them where possible by:
  - identifying and disposing of surplus or underutilised property
  - reconfiguring services and administration so that they occupy less space, and
  - considering tenure other than ownership – such as lease, rent or lease-back – where that gives demonstrably better value.

It found that:

Strategic managers of land and property:

- identify and dispose of surplus and underperforming assets
- reconfigure services and administration so they occupy less space, generating surplus property for sale or transfer
- share premises with other public bodies to make more efficient use of assets, and
- configure buildings or move to sites that better suit the public and their own staff.

Councils that have done this have shown that following a strategic approach to asset management creates tangible service and efficiency improvements. For example:

- One county council improved access for service users by integrating its customer access strategy with property management. Its new office is based on flexible working principles and co-locating services for more efficient delivery, and will reduce floor area by some 29 per cent
- By coordinating its capital programme, revenue funded repairs and maintenance programmes and using externally generated funds, a London borough has reduced the maintenance backlog of the existing estate by three-quarters in five years
- Through a rationalisation programme and smarter measurement of energy consumption through real time metering information, one rural district council has been able to reduce CO2 emissions from its buildings and reduce utility bills by £144,000 for 2007/08
- A metropolitan borough council has undertaken an extensive office accommodation rationalisation programme based on robust data and analysis of performance indicators. Between 2001 and 2007, space utilisation was improved from 14 metres squared to 11 metres squared per employee
- One unitary council has been able to increase occupancy of its flagship office building from 1,200 to 1,500 staff through effective rationalisation

The report states that Councils should not collect data for the sake of having information. Good councils collect only what they need in order to understand the assets that they have; their value; what condition they are in; and how they are being used. They need to know how many staff occupy a given property and how it is contributing to service delivery. Such information should be collected and updated regularly.

Beyond basic information in the fixed asset register, councils need information on size, use, occupancy, condition, suitability and running costs. But additional information should only be collected where it will help in making specific decisions. A preliminary step is to build basic information on the whole estate to enable some initial judgements on the potential of different assets, and thus indicate what further information may be required about some of them.

Councils should also consider the National Property Performance Management Initiative (NaPPMI) indicators, developed by members of the Federation of Property Societies (FPS). Over 150 councils currently benchmark these indicators under the National Best Value Benchmarking Scheme, run by FPS and CIPFA Property.

#### 4.5 CIPFA

In his article 'If it stands still, let's measure it!' David Bentley Head of Asset Management at CIPFA states: "How can (organisations) really manage their property effectively if they don't know the full costs, performance and effects that policy has. If they don't measure suitability, how can they ensure that services are being effectively delivered and the building is contributing positively to those services?"

David reviewed the use of property performance measurement in English Local Government and some of his findings were as follows:

##### (i) Building conditions

He advocates assessing building conditions. The majority of English authorities do this by covering 20% of their building stock on an annual rolling basis, so over five years they will get a complete picture of the estate. At the same time they will pick up maintenance priorities. It can be used as part of option appraisals exercises to decide on the retention, disposal or development of specific buildings.

Following the implementation of building condition assessments in England, he found that the biggest change has been the reduction in the proportion of buildings in poor condition as a result of these assets being disposed of, or invested in to bring them up to a better standard.

**(ii) Required maintenance**

He found that:

- Assessment of required maintenance has enabled asset managers to prioritise their maintenance across the estate accordingly
- It allows asset managers to argue for realistic maintenance budgets based on need rather than historic allocation
- It will also enable life cycle planning of maintenance to be produced, and
- It can be used as part of option appraisals exercises to decide on the retention, disposal or development of specific buildings.

**(iii) Environmental performance measures**

He found that in theory the aim should be to reduce energy consumption per sqm but this has not been the case in many councils. The reason for this in many cases was the policy drive to use public buildings for more activities and for longer hours. Consequently, for example, whilst using civic buildings at weekends/evenings for functions will contribute to increased consumption, they will bring significant benefits in other ways such as income generation and facilitating rationalisation of other assets.

**(iv) Office space indicators**

He reports that there has been significant progress in this area. For example in the five years to 2011/12 the average 'Net Internal Area sqm per Full Time Employee' in English local authorities has decreased by over 15%.

## 4.6 Europe – The Workplace Network

The TWN (The Workplace Network), an international network of CEOs in public property, issued an international survey in 2015 of public property holders. The type of questions it asks show the current way of thinking and approach to good property management and planning in Europe. It asked participants:

- To state the top three KPIs their organisation uses to measure its success:
  - sqm/FTE or sqft/FTE
  - Workstations/FTE or FTE/workstation
  - Cost/sqm or cost/sqft
  - CO2 emission/year
  - Total energy consumption/year
  - Fossil fuel derived energy consumption/year
  - Water consumption/year
- What its performance targets were for the year?
- What percentage of the organisation's time and effort was spent on providing the following services and functions?
  - Portfolio strategy and performance monitoring
  - Property asset management
  - Building maintenance
  - Facilities management

- What the total net useable area was of buildings directly owned or managed by the organisation?
- How many buildings the organisation owns or manages?
- What proportion of the total net useable area in the organisation's portfolio is owned outright by the State and what proportion is leased from private sector landlords?
- What the vacancy rate was across the organisation's portfolio?
- What the operational cost per square meter of net useable area was in the last financial year.

They were asked to provide a best estimate of the total operational cost of the buildings they own or manage, including rent, taxes, costs of capital, energy, water, waste, cleaning, maintenance and management, divided by the net useable area.

- If the organisation provides offices for use by State organisations what is the average utilisation in terms of space per person?

#### 4.7 OPW

The Government recognises that effective Property Asset Management is key to achieving significant savings to the State and ensuring optimal value for money to the taxpayer. The Government agreed a range of measures to realise the benefits of better property management set out in Accommodating Change – Measuring Success, the Government's Property Asset Management Delivery Plan (PAMDP), published in July 2013.

One of the key objectives of the property asset management reforms is to adopt a more strategic approach to property asset management.

In 2014, the Government's Public Service Reform Plan 2014-2016 identified the following benefits from property reforms:

- Increased awareness at a corporate level to encourage Public Service property owners to adopt a more strategic approach to forward planning of property related expenditure
- More efficient use of the State's property portfolio through the use of common standards for property management and cost effective data storage technologies across all public bodies
- Cost savings and environmental benefits from greater energy efficiency.

Per its Property Asset Management Delivery Plan, Progress Report in June 2015, they have developed a communications strategy which includes:

- shared protocols for asset sharing and transfer
- increased accountability for space allocation through the analysis of property related information provided in Departmental Strategy Statements/Business Plans
- standards and policies around space allocation and more open plan working, and
- greater transparency in the decision-making process through a map-based State Property Register.

They have introduced the ISEN 15221 Facility Management suite of European standards to provide a consistent, standard method for data collection, benchmarking analysis and reporting on performance of property assets, particularly in the office accommodation area. The standards define financial, spatial and environmental KPIs to assess asset performance such as net floor area per workstation and per staff member.

The OPW is moving towards 'activity based space allocation' rather than office space allocation being determined by grade, and increased open plan working design for civil service offices. They do note, however, that rationalisation of workspaces and more efficient building performance requires significant investment, particularly in relation to older generation buildings.

The OPW's *Optimising Power @ Work* campaign, which is essentially a behavioural change campaign, involves measured energy consumption data and the use of energy specialists in each building. As of June 2015, average energy savings of 20% are being achieved in the campaign.

An Acquisitions and Disposal Strategy has been finalised by the Steering Group stakeholders. The purpose of the Strategy is to provide an agreed approach across all public property holders in relation to the public sector estate as a whole - identifying property surpluses, redevelopment opportunities, and devising the optimal utilisation, re-use or disposal programme in respect of land and property.

The planned policy relating to the disposal of surplus State property is that public property stakeholders will advertise the property across the public service to determine if it is surplus to current or future State requirements before placing it on the open market.



## 5. Recommendations

### 5.1 Capacity and Utilisation of the Corporate Estate

- Local authorities should evaluate their space allocation to ensure maximum utilisation of existing space and assess whether or not a move towards more open plan office space would be beneficial and result in cost savings. It should not be presumed that staff of a certain grade or above must have their own cellular/walled office of a minimum size. It is appreciated that protected structures will be restricted in how the internal layout can be changed. Also, depending on the current design/layout of the building, especially for older buildings, changing the internal layout may be very costly and disruptive; however, if it makes considerable space savings in the long term and reductions in utility and overhead costs then it is worthwhile. The extra space could be used to rehouse staff from other offices, freeing up office buildings which could then be disposed of or rented out, for example.
- Local authorities should review how they store records/paper documents and consider alternatives, such as increased use of offsite storage or a software based paperless approach to see if these options are practical and would result in cost savings.
- Local authorities should consider desk sharing, for example, for work sharing staff. They should consider having hot desks, for example, in the case of staff who spend most of their time outdoors or for staff who frequently spend time in more than one office location.
- For vacant office space, there should be a documented plan in place as to how the space will be used. Office space should remain vacant for as minimum a time as possible.
- Local authorities should record average sqm/workstation in their office buildings. They should have a record of the floor area in sqm (gross and net internal areas) for each of their office buildings held on a property portfolio database. They should use internationally recognised key performance indicators, as outlined in Appendix 1, such as sqm per workstation and sqm per full time equivalents (FTE) in order to compare their own office buildings and to other local authorities, so that the reasons for any outlying figures can be investigated and rectified. The figures should be kept up to date. Local authorities should calculate and monitor workstations per FTE and have a documented plan in place for excess workstations.

### 5.2 Corporate Estate Strategic Management

- All local authorities should have a Property Asset Management Plan in place for their building portfolio. This is a documented strategy for corporate estate management to include, for example, objectives and priorities, a profile and review of current property assets and their suitability, the level of data held on the property portfolio, explanation of maintenance practices, assessments of condition, roles and responsibilities for staff involved in property management.
- All local authorities should have staff assigned to building asset management at a strategic level, overseeing the local authority's property portfolio as a whole. They should receive appropriate training in property management. The survey findings revealed a disjointed approach to property management in most local authorities, with different practices in place depending on the building and the person/people managing it, with no one person or unit having a complete overview of the building portfolio as a whole. Ideally local authorities should have a centralised property function, so that property management staff can manage the entire portfolio rather than individual managers in area offices each following different practices. At the very least there should be a standardised approach across the local authority as to how its individual buildings are managed and maintained.
- As with vacant office space, there should be a documented plan in place for all types of vacant local authority buildings, outlining how the space/buildings are going to be

used or if they will be sold or leased. Buildings should remain vacant for as minimum a time as possible, unless there is a valid reason, for example, renovation work is taking place.

- There should be regular property reviews and management meetings to discuss property related issues and portfolio rationalisation.
- For property purchases, local authorities should have documented procedures in place and these should take account of the State Property Register and DPER Circular 11/15: Protocols for the Transfer and Sharing of State Property Assets.
- Local authorities should have their own documented procedures in place for property disposals, incorporating the procedures set out in Section 183 of the Local Government Act, 2001.

### **5.3 Recording the Corporate Estate**

- All local authorities should prepare and maintain a database of their property portfolio in order to ensure all the buildings they own are monitored as to how they are being used. This could be an extension of, or use the information already held on, their existing fixed asset or property interest registers and should include information for each building such as Gross and Net Internal Area (sqm), number of FTE, number of workstations, current building status/use. Much of the information requested in Appendix 1 of the survey could be incorporated into this database. This database should be regularly updated.
- All local authority buildings should have a unique cost code or identifier, thereby ensuring costs associated with individual buildings, such as maintenance, utility costs, cleaning, security, etc could be monitored on an individual basis. The information could be used in property management decisions, such as whether to retain, renovate or dispose of a building. It would also highlight any unusual variances for a particular building that need to be further investigated.
- All local authorities should maintain a register as to the whereabouts of the title deeds for all their buildings. Title deeds should be kept in a fireproof safe/ room and copies scanned.

### **5.4 Costs Associated with the Corporate Estate**

- Local authorities should review the leases that they have entered into and the number of buildings they are paying rent on, to keep these to a minimum; there may be reasons why this is not possible, such as lack of capital funding, building location requirements and flexibility for varying accommodation demands.
- Professional advice for new leases should be obtained, ensuring that rent reviews and break clauses are built into contracts. Leases should be reviewed periodically to negotiate rent reductions if the lease structure and market conditions allow.
- Local authorities should regularly monitor the costs associated with their individual buildings, such as maintenance, cleaning, security, insurance costs, etc. They should use collaborative procurement across all buildings to achieve better prices. Local authorities should also monitor utility costs and usage for electricity, gas, water and oil by individual building to highlight anything unusual.

### **5.5 Condition and Required Maintenance of the Corporate Estate**

- Local authorities, after thorough assessment, should have a programme of planned maintenance in place for their entire building portfolio; a move to more planned maintenance will lead to less reactive maintenance, thereby reducing emergency repairs and higher costs. In the longer term this will save the local authority time, inconvenience and money. The programme of planned maintenance should categorise

the required maintenance work into urgent, essential (required within 2 years) and desirable works (required between 3 and 5 years).

- Local authorities should ensure that regular building condition surveys are carried out for their property portfolio by suitably qualified staff, such as engineers or architects at regular intervals. These surveys/inspections would highlight areas of required maintenance as well as directing/supporting property managers in longer term decisions, for example, whether individual buildings in poorer condition should be upgraded or disposed of.
- Local authorities should properly log and track maintenance and repair requests. They should have a documented protocol in place for response times depending on the nature/urgency of the request and a system/criteria in place for prioritising maintenance and repairs.
- All local authorities should have staff assigned to building asset management at an operational level. They should receive appropriate training in property maintenance and management. The local authorities should have a dedicated staff member/unit overseeing the facilities management and maintenance function, so that there is a standardised, co-ordinated approach to the operational running and maintenance of the entire building portfolio, rather than individual facilities management staff in area offices/buildings following different practices.
- Local authorities should monitor their maintenance spend by individual building for corporate offices and other buildings. The split between planned and reactive maintenance should be tracked and targets set to keep reactive maintenance as low as possible.

## **5.6 Contract/In House Maintenance of the Corporate Estate**

- Based on the previous year's spend, local authorities should carry out an exercise to assess whether it is more economical and timely to have in house or outsourced maintenance staff; for example, compare annual spend on plumbing versus annual wage to have a plumber on the local authority payroll.
- Local authorities should maintain an up to date panel of contractors, in line with the appropriate procurement procedures, for maintenance work and minor repairs/refurbishments to enable them to negotiate discounted rates and to speed the repairs process up.

## 6. Implementation of Recommendations

The VFM Unit will, in due course, review the actions taken by local authority management in implementing the recommendations contained in this report.

## 7. Acknowledgement

The LGAS would like to thank the following for their co-operation and advice during the course of this VFM study:

- The local authorities visited and the personnel consulted
- The Departmental personnel consulted
- The Office of Public Works personnel consulted
- The VFM Advisory Committee established for this study

# Appendix 1

## Possible Key Performance Indicators (KPIs)

- sqm/FTE or sqft/FTE
- Workstations/FTE or FTE/workstation
- Workstations/sqm or sqm/workstation
- Cost/sqm or cost/sqft
- CO2 emissions/year
- Total energy consumption (kw/h)/year
- Annual energy costs and consumption (kw/h)/sqm GIA
- Water consumption (cubic metre)/year
- Total spend on maintenance/GIA
- Planned/reactive maintenance by % of total

# Appendix 2

## Property Asset Management Plan

The local authorities' Property Asset Management Plan could include some or all of the following:

- Introduction
- Local authority objectives, property asset aims, objectives and priorities
- A profile and review of current property assets and their suitability
- Data management, the level of data held on the property portfolio
- Maintenance and capital works
- Explanation of maintenance practices
- Assessments of condition
- Lifecycle management plan, routine maintenance plan, renewal/upgrade plan
- Funding strategy
- Performance management, KPIs, targets
- Roles and responsibilities for staff involved in property management
- Estate management issues
- Conclusions