

This document is one of a series produced by the RICS on the subject of Property Asset Management and Property in Business. More details can be found on the RICS website at www.rics.org.uk. The main work on the subject of Public Sector Asset Management is the Public Sector Asset Management Guidelines, edited by Keith Jones and Alan D White, see www.ricsbooks.co.uk. This 'Getting Started Quickly Guide' is a precis of the main work and was written by Keith Jones and edited by Alan D White.

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RICS Public Sector Asset Management Guidelines

Getting Started Quickly Guide for Surveyors





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Strategic Asset Management

Strategic property asset management is the activity that seeks to align the asset base with the organisation's corporate goals and objectives. It ensures that the land and buildings asset base of an organisation is optimally structured in the best corporate interest of the organisation concerned.

Strategic property asset management requires business as well as property skills. It is an activity which seeks to take all the operational requirements of a business into account in order to deliver an appropriate asset strategy.

For simplicity, this activity is referred to in this guide as 'asset management'.

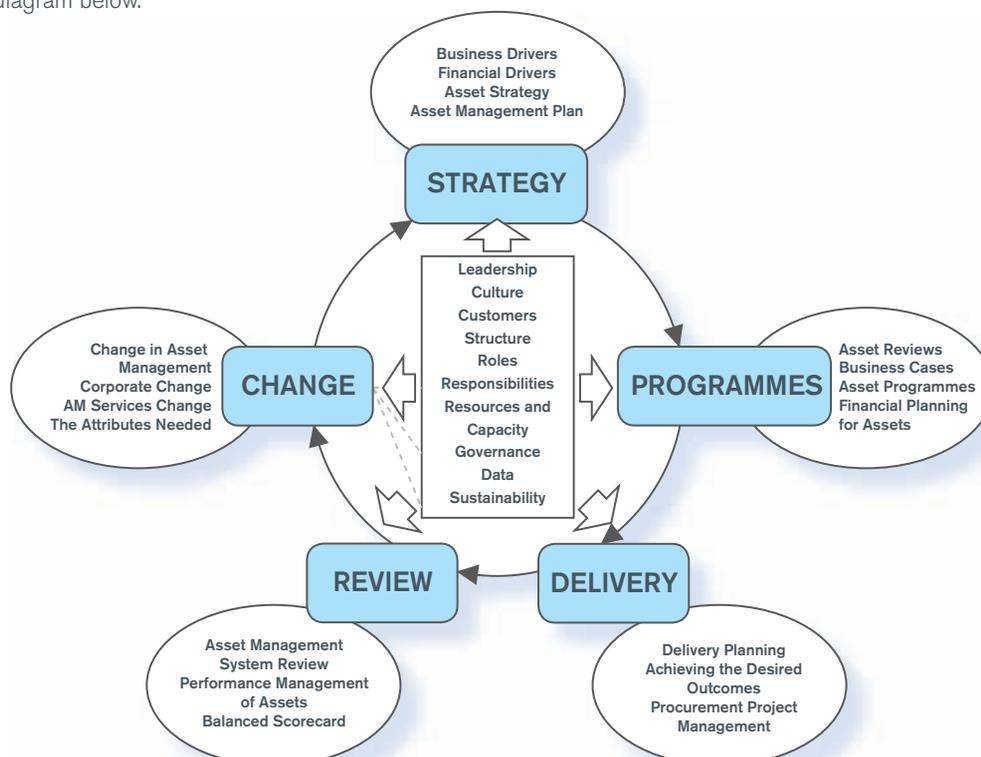
Benefits of Good Asset Management

Some of the benefits of good asset management are as follows:

- Better public service provision through improved property and co-location of services.
- Improved productivity, changes in corporate culture and facilitation of corporate change.
- Property remains in good condition.
- Improved property utilisation, bringing together similar uses into the same property, rather than providing them separately.
- Release of capital for reinvestment or debt reduction.
- Efficient running costs.
- Innovative strategic procurement.

Main Components of Asset Management

The main components of asset management are captured in the diagram below.



Key Features of Asset Management

STRATEGY – Strategy and Vision Development	<p>The strategy will cover the approach to be applied to each part of the asset base and also organisational and performance issues. It is driven by the organisation's aims and objectives and it facilitates the achievement of the business strategy.</p>
Guidelines Chapter 2	<p>To prepare a good asset strategy requires the identification of the organisation's business drivers; the translation of these drivers into a vision for assets; the buy-in of the entire organisation to that vision; the testing of the vision for practicality, affordability and effectiveness; and the refinement of the strategy in the light of the testing process. Strategy development is a corporate, not an operational process.</p>
PROGRAMMES Guidelines Chapter 3	<p>The translation of the strategy into achievable programmes is the next stage in the process. These are the business programmes for assets, usually covering a one to three year timescale. Programmes provide strategies with practical and implementable meaning.</p>
DELIVERY – Strategic Implementation Issues	<p>The guidelines address strategic delivery issues and mechanisms which are important to the implementation of asset aims and objectives.</p>
Guidelines Chapter 4	<p>The key areas to be considered are: resources for delivery; delivery planning including procurement; delivery and project management, including risk; and benefits realisation.</p>
REVIEW – Review and Performance Management	<p>The review may be an asset management system review (ie are we doing the right things?) or an asset performance review (ie are our assets doing the right things?).</p>
Guidelines Chapter 5	<p>The first review is based on benchmarking the organisation against good practice in asset management after undertaking an initial health check.</p> <p>The second review is an assessment of whether the asset base is meeting business objectives. This may involve, for example, the 'balanced scorecard' approach with metrics covering such matters as stakeholder satisfaction; financial imperatives; social, economic, environmental and physical impacts; innovation and learning for the future; and internal delivery excellence.</p>
CHANGE – Change Management	<p>The ability to manage change is paramount. It is about changing 'things' as well as changing attitudes and cultures especially where, in some organisations, asset management may not be considered a priority by some senior or middle managers. Change will be required in many of the components of asset management, so the possession of change management skills is important to the success of the delivery process.</p>
Guidelines Chapter 6	

LEADERSHIP AND CUSTOMERS	The asset manager must have strong leadership skills and, because the activity is corporate and cross-organisational, will need co-ordination and impetus. An asset manager will need to be technically competent as well as knowing the organisation's business and will need to be competent when dealing with people, ICT and finance.
Guidelines Chapter 7	

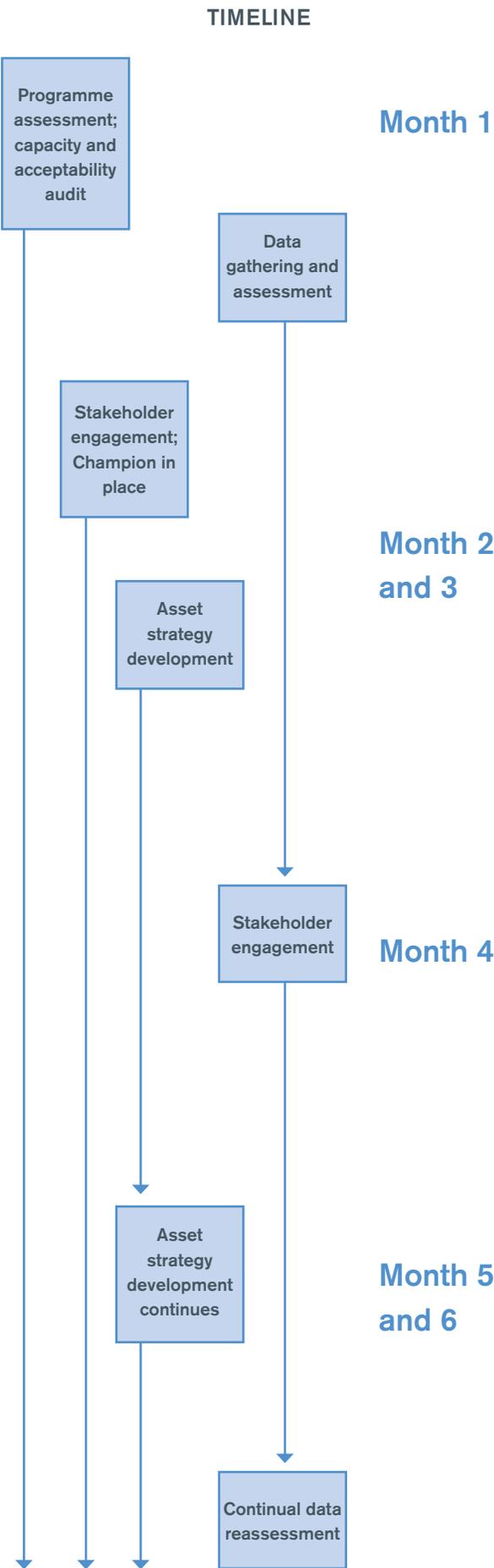
ORGANISATION	As well as aligning the organisation to accommodate the asset management process, there is a need to make sure the roles and responsibilities for asset management are well defined, structured, designed and operated.
Guidelines Chapter 8	The support of top managers and decision makers is essential.

RESOURCES AND CAPACITY	The asset management process requires a team with strategic, leadership, business, financial and change management skills. Allocation of sufficient and appropriate staff resource is essential to effective asset management delivery as the asset management team will need to manage large corporate projects.
Guidelines Chapter 9	

SUSTAINABILITY – Sustainability and Corporate Social Responsibility	Buildings have a high environmental impact, so it is vital when formulating asset strategies to take this into account both in terms of new construction but also in terms of changing the shape of existing spaces and in managing and running accommodation portfolios to optimise sustainability.
Guidelines Chapter 10	

DATA – Data and Information Management	At the heart of any good management system is good data. Much can be done with the data that already exists, but over time a good (not complex) data management system will be needed to inform and refine decision making.
Guidelines Chapter 11	

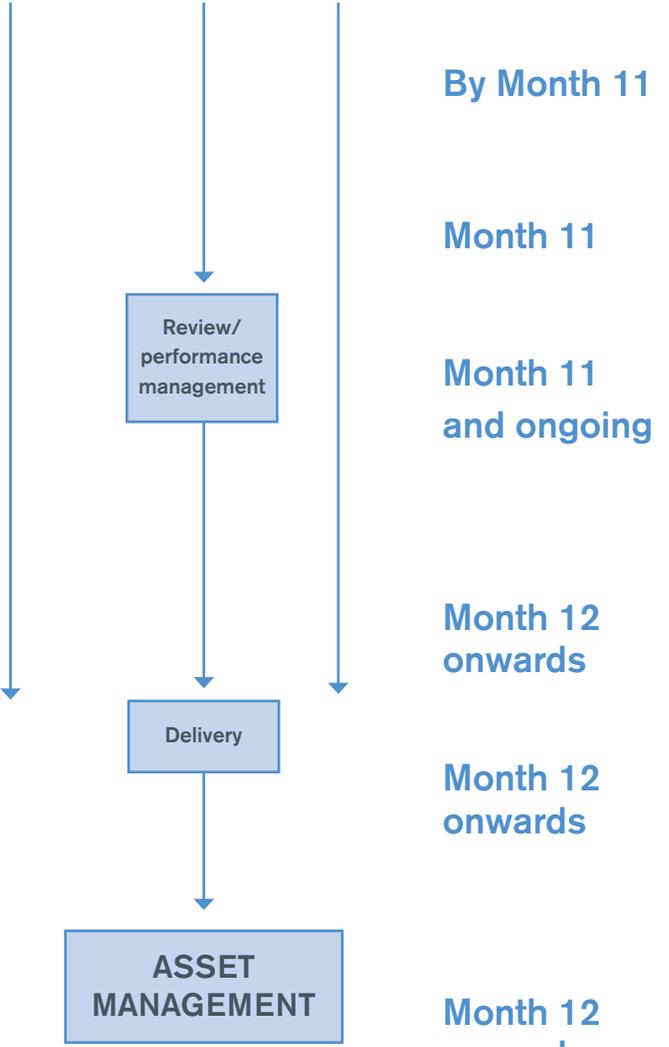
STEPS	ACTIVITY
1	<p>Assess with business managers what the asset management programme will mean in terms of time, resource and cost; what changes need to be made to the processes and structure of the organisation; and what culture changes need to be made in order to implement the programme.</p> <p>Is there a business strategy in place from which an asset management strategy and delivery plan can be developed? Where is the 'Champion' who will ensure the organisation responds?</p> <p>There must be a good understanding of the subject and the impact it will have on the organisation. A commitment from the senior management team is imperative. Information gathering should commence immediately.</p>
2	<p>Initial engagement of stakeholders, both operational and those at the corporate centre. This is a corporate and property activity and requires the asset manager to 'sell' the concept to the organisation. Appointment of the Asset Champion must take place at this early stage.</p> <p>Operational managers are crucial to the success of the programme as their operations use or control the majority of the property. They are likely to hold information on their intentions for the assets that they use and this will be central to developing an asset strategy. There may also be some involvement with external partners and organisations. It should be possible to commence high-level strategy development at this stage and begin drafting</p>
3	<p>Initial engagement of senior decision makers and the political community.</p> <p>Senior decision makers and the political community will need to see the benefits of good asset management business and will need to understand the process that is to be followed in the development of effective asset management within the organisation. Their buy-in is essential. Early engagement by the Asset Champion will assist with understanding and uptake. Refinements to the initial strategy proposition can now be made.</p>
4	<p>The first asset strategy proposition document is published.</p> <p>This can be no more than a 'proposition'. It should align with high-level strategies and objectives of the organisation but will not take account of all departmental strategies. This refinement will follow later. The purpose of this document is to draw out reactions from operational managers and senior decision makers on the content. It is a quick route to forcing managers to make up their minds! Operational managers may be more concerned with accuracy and senior decision makers more concerned with reality.</p>



STEPS	ACTIVITY	TIMELINE
5	<p>Consider the organisational arrangements necessary to implement an asset strategy.</p> <p>The first proposition document will indicate and justify what is needed in terms of resources, time and training. It will also spell out the benefits to the organisation. It will form the basis of the 'marketing campaign' to the organisation.</p>	<div style="display: flex; align-items: center; justify-content: space-between;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">Organisational Review; Training and resource scoping</div> <div style="text-align: right;">Month 6</div> </div>
6	<p>Refine the first proposition and seek agreement from senior decision makers.</p> <p>Senior decision makers need to agree this as a proposition document, realising that much more work and testing has still to be done. Once this is agreed there is a corporate platform for moving forward. Reaffirmation of the roles, responsibilities and objectives of the organisation by the top management team is also imperative at this stage otherwise the asset management strategy may be flawed.</p>	<div style="display: flex; align-items: center; justify-content: space-between;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">Training & resources</div> <div style="text-align: right;">Month 7</div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">Asset strategy development</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">Continual data reassessment</div> </div> <div style="display: flex; justify-content: center; margin-top: 10px;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">Stakeholder engagement</div> </div>
7	<p>Test the first proposition from high-level standpoints of effectiveness, affordability, practicality and sustainability.</p> <p>This is a very high-level and first cut analysis designed to bring realism to the proposition, which at this stage is likely to be more aspirational than realistic. However, it will start the process of matching overall available resources with the potential strategy</p>	<div style="display: flex; align-items: center; justify-content: space-between;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">Data Management</div> <div style="text-align: right;">Month 7 and 8</div> </div>
8	<p>Amend the first proposition and publish the second asset strategy proposition.</p> <p>Further iterations and discussions with operational managers will enable a more considered proposition to be prepared now, incorporating initial financial strategy information.</p> <p>Consideration of the system needed to handle data may be relevant here if a new system is required.</p>	<div style="display: flex; align-items: center; justify-content: space-between;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">Data Management</div> <div style="text-align: right;">Month 9</div> </div>
9	<p>Outline critical success factors and key performance indicators for the strategy.</p> <p>Once the 'direction of travel' is clear, the measures which test progress can be developed. Review and performance metrics will need to be designed and agreed with senior and operational managers. These will enable the benefits of the asset management strategy to be 'sold' over time. The whole programme and process will need continued marketing through the organisation.</p>	<div style="display: flex; align-items: center; justify-content: space-between;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">Review/ performance management and metrics</div> <div style="text-align: right;">Month 9</div> </div>

STEPS	ACTIVITY	TIMELINE		
10	<p>Detail organisational arrangements and capacity issues.</p> <p>The organisational principles will have already been agreed and now they will need to be worked up into specifics. Capacity may need to be 'bought-in' in the interim. Training and development programmes may need to be organised.</p>	<p>Organisation and capacity; training</p>	Month 9	
11	<p>Seek buy-in from operational managers and senior decision makers to second proposition.</p> <p>This will achieve formal agreement on how to approach the asset base, organisational issues and performance management/metrics for assets in the immediate future.</p>	<p>Asset strategy refinement</p>	Month 10	
12	<p>Confirm second asset strategy proposition, the organisational arrangements, capacity-building initiatives and performance measures.</p> <p>This will be the corporate record of the current position on asset management; a combined asset strategy and delivery plan. It will point the way to how the asset base is to be managed in the future and to what resources and capacity are required for delivery.</p>	<p>Data Management</p>	Month 10	
13	<p>Input information into the budget process.</p> <p>The asset strategy will now be mature enough to include its implications for the financial planning and processes of the organisation. Clearly the financial implications of assets will have been included in previous organisational plans but not to this degree of accuracy and not on the basis of an informed corporate asset strategy.</p>	<p>Asset strategy refinement and review</p>	<p>Data Management</p>	Month 10
14	<p>Commence in-depth asset reviews to assess efficiency, effectiveness, quality, affordability and sustainability.</p> <p>This is where the real understanding of the detailed implications of the asset strategy will be gained. The total asset review programme may be spread out over a few years depending on the size of the organisation and each round of iteration will better-inform the strategy.</p>	<p>Budgetary process</p>	<p>Month 10 and ongoing</p>	

STEPS	ACTIVITY	TIMELINE
15	Implement organisational and capacity arrangements.	By Month 11
16	Start to use performance indicators to measure and report performance, using best available data initially.	Month 11
17	Use the initial in-depth asset reviews to identify the changes required to the asset base to meet operational needs and match business and asset strategies. Refine the second asset strategy proposition into the first edition of the asset management strategy.	Month 11 and ongoing
18	Confirm data management needs and (if necessary) buy a new data management system which will link with organisational MIS.	Month 12 onwards
19	Firm up the way in which the strategy is to be delivered. Review delivery arrangements and assess ongoing delivery possibilities including outsourcing or other options.	Month 12 onwards
20	Repeat the appropriate elements of this list as often as necessary depending on the rate of change of the organisation and its size. The process is a continuum of asset strategy refinement, organisational adjustment, capacity changes, performance measurement and delivery improvement. Improving asset management is an iterative process.	Month 12 onwards

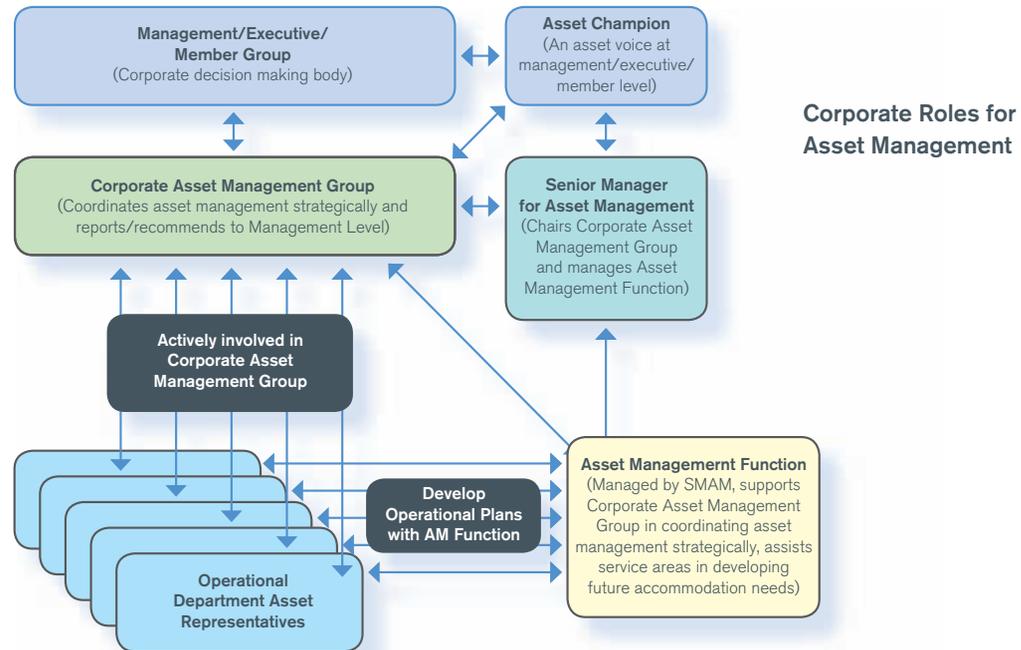


The Asset Management Strategy and Plan

Sample content of an Asset Management Plan (including the asset strategy)	
Purpose and expectation of the strategy	<ul style="list-style-type: none"> • Why does the organisation have a property asset strategy? • How does it fit with other planning documents and the overall business process?
The organisation's goals and objectives and the organisation's major business drivers (service/policy delivery/production and financial)	<ul style="list-style-type: none"> • What is the organisation seeking to do (making sure that those business drivers that have property asset implications are highlighted)? • The key directions and aspirations of the organisation • Organisational mission, vision and values • Key organisational objectives (internal and external)
The organisation's financial context	<ul style="list-style-type: none"> • Overall financial position of the organisation • Financial outlook • Financial context for property decision making
The gap between where the asset base is now and where the organisation wants it to be, ie the implications for assets	<ul style="list-style-type: none"> • What the business drivers mean for the asset base • Gap analysis • Approach to closing/eradicating the gap
Asset goals and objectives and the organisation's vision for its asset base over the next 10 years, for example	<ul style="list-style-type: none"> • Explicit statement of asset goals and objectives • The overall approach to the use of assets • Key themes • How the asset base will help delivery of the business objectives
Critical success factors	<ul style="list-style-type: none"> • Drawn from the property goals, objectives and vision • This will form the basis for future performance measurement
The approach to each category of the portfolio (ie the gap analysis and the way the gap will be closed or narrowed)	<ul style="list-style-type: none"> • The way in which the organisation will approach and decide upon the future of each part of the asset base by category
Broad resource implications of the strategy, particularly financial (in some parts of the public sector this is referred to as the 'Capital Strategy' for assets) but also ICT, HR and procurement	<ul style="list-style-type: none"> • Capital implications • Recurring (resource/revenue/current) expenditure implications • ICT implications • HR implications • Broad investment and divestment strategy for property • The overall approach to sourcing and procurement
Performance management for assets	<ul style="list-style-type: none"> • The performance measures to be used, drawn from the critical success factors • The performance management system • Current performance and key historic trends
Organisational arrangements for asset management	<ul style="list-style-type: none"> • Structural issues • Roles and responsibilities • Governance and decision making • Relationships with stakeholders • Corporate processes for asset management • Data management • Capacity management
Strategic action and milestones	<ul style="list-style-type: none"> • The main actions that will be taken over the next year to deliver the strategy • Actions to develop the strategy • Actions to implement asset change • Actions to implement organisational change

Organisation for Delivery

The structure shown below identifies the key roles and responsibilities that need to be present to facilitate a successful corporate approach to asset management. Clearly there are other mechanisms that will need to be in place to enable this structure to succeed, such as consultation methodologies and decision making structures in the wider organisation. Often the asset management approach will stand or fall on the wider structure and management of the organisation.



Performance Measurement

It is most important to ensure that the asset strategy outputs and contribution to the organisation are accurately measured. Metrics, both quantitative and qualitative, will be used. The balanced scorecard approach will measure the contribution that the asset base makes to overall organisational performance – asset base performance measures. These should cover measures designed to monitor the contribution of the asset base to, for example, getting public services closer to the community and customers; co-location of public services to improve customer satisfaction and patient care; culture and productivity change in the workforce; sustainability issues; capital release; social and economic regeneration and sustainable communities. The 'balanced' set of asset base performance measures will create a set of performance indicators (PIs) aligning with the organisation's vision and objectives and providing visibility of how the asset base is supporting operations.

