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# **Asset Management Service Business Plan 2011/14**

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# **Portsmouth City Council - Asset Management Service**

## **Business Plan 2011 - 2014**

### **1. Statement of purpose**

The Asset Management Service is a corporate resource, providing the Council with the services necessary to manage its property related assets and specifically to:

Lead the Council's approach to corporate asset management through joint working with its services.

Manage and develop the Council's portfolio of investment property assets in order to maximise its contribution to the Council's priorities.

Provide corporate accommodation and facilities services that are customer focussed and cost effective.

Manage and commission reactive and planned maintenance services that satisfy legislative requirements and provide optimum value for money.

Lead and support the Council's property related projects through established centres of competence in property and project management.

#### ***1.1 Our Service vision is:***

To be valued by the Council and its services for the role that we play as corporate landlord and for the quality and cost effectiveness of the property services we provide and commission.

### **2. Review**

The objectives and strategies set out in this business plan reflect the conclusions and recommendations from an internal review of the role, structure and operational performance of the Asset Management Service that was carried out during 2010 together with the conclusions and recommendations from a Price Waterhouse Coopers analysis performed during the development of the Council's transformation agenda.

The 2010 internal review of the service identified the need for a range of improvements in organisational structure, performance management and culture and these are now reflected in the objectives of this business plan.

The AMS admin team holds copies of the review action plan.

The Council's "transformation programme" specifically includes a "property and assets" work-stream that includes an initiative to maximise the potential benefits of adopting more of a "corporate landlord" approach to property management in line with best practice. A number of the objectives in this plan support the property and assets work-stream or are consistent with other themes from the transformation programme.

### **3. Objectives, measures & strategies**

*All objectives link to the 8 current council priorities:*

1. *Reduce crime and the fear of crime*
2. *Increase availability, affordability and quality of housing*
3. *Protect and support our most vulnerable residents*
4. *Improve efficiency and encourage involvement*
5. *Raise standards in English and maths*
6. *Regenerate the city*
7. *Cleaner and greener city*
8. *Improve public transport*

*and fully support PCC's anti-poverty campaign.*

#### **1 Contribute to the council's transformation programme.**

##### ***Description:***

AMS will support all work-streams under the transformation programme, working with other services to ensure that the council is able to provide high quality services within a tighter financial remit. It will contribute more directly to the Property and Assets, Procurement and Commissioning work-streams that have the closest links to the role of the service.

AMS effectively owns the "Property and Assets" work-stream consisting of five elements that now form a major part of the objectives and strategies set out in this business plan.

- 1 – Transforming the Asset Management Service
- 2 – Transforming relationships with client services
- 3 – Introducing a new Asset Management System
- 4 – Implementing an accommodation strategy
- 5 – Asset rationalisation and utilisation planning

There is a strong link between the Property and Assets and the Commissioning and Procurement work-streams due to the potential introduction of a "category management" approach that could involve the service in a broader role for procuring Utilities, Buildings contracts and potentially maintenance and facilities services.

There is also a link between the Property and Assets work-stream and the flexible and mobile working element of the "better performing workforce" work-stream because the potential benefits include a reduction in the need for accommodation space.

##### ***Strategies to achieve:***

- The Head of Service will project manage the Property and Assets work-stream
- Other resources will be allocated to transformation work in line with its importance as a major corporate change programme

##### ***Measures of success:***

- Activities completed in line with Transformation agenda project plan
- Others to be determined by the Corporate Transformation Board

## **2 Introduce a “corporate landlord” approach to asset management and property related project management.**

### ***Description:***

This objective forms part of the Council’s Property and Assets transformation work-stream but also represents one of a series of actions to enable AMS to improve its operational performance. Its aim is to improve communications with client services in order to provide tighter control and coordination of the project management and other work carried out by the various AMS teams.

This objective will require organisational change in establishing a “corporate landlord” team made up of “business partners” to establish the most appropriate relationships with each client service and AMS internal relationships to help ensure that all of the service’s commitments are met.

A further benefit of this approach will be the partial “centralisation” of project management and property specialist resource to enable more effective allocation of resources to crosscutting and corporate projects.

Performance management and operational controls will be established to monitor these new ways of working and additional work will be done to strengthen project management arrangements.

The corporate landlord business partners will draw on property utilisation, condition and property cost information in order to promote a partnership approach to property strategy development and cost reduction planning. All of which will contribute to an improved approach to the Council’s Corporate Asset Management Planning.

### ***Strategies to achieve:***

- Organisational change to introduce a corporate landlord function and “business partners” using existing AMS resources
- Develop a performance culture and management controls consistent with the revised structure, including a service based project board
- Development of joint approaches to property related capital planning and project management
- Development of property improvement and cost reduction plans with each client service or service group
- Analysis and development of service relationships to optimise the corporate benefits

### ***Measures of success:***

- Improvements in Member satisfaction with AMS performance and service based feedback
- Response from client services and Head of Service feedback
- Improvements in property compliance, condition and suitability
- A reduction in net property costs to the Council
- AMS measurements of commitments met and project delivery
- The quality of planning and performance to plans

### ***Risks:***

- Capacity for change within AMS.
- Potential lack of skills available to enable the approach to succeed
- Operational performance improvement to back up commitments
- Potential resistance to change from some client services

### **3 Introduce a centralised approach to AMS customer helpdesk query management and service requests.**

#### ***Description:***

Evidence from the 2010 review and customer feedback suggests that customers often don't know how to contact the AMS services they need and enquiries can be misdirected or lost between service groups.

Some administrative tasks are currently carried out in more than one group.

This objective will require some organisation change to bring existing customer support and administrative resource together in a way that ensures easy access, backed up by regular performance reporting and follow-up to ensure response standards and commitments are met.

The outcome of this objective will also influence the design and function of the new Asset Management system that will be introduced during 2011/12.

#### ***Strategies to achieve:***

- Organisational change to bring together a centralised helpdesk function
- Publicity to inform customers of new contact arrangements
- Develop a performance culture and management controls consistent with the revised structure
- Analysis of demand and response times to set performance standards
- Provision of performance information to client groups

#### ***Measures of success:***

- Quality of data and performance information collected
- Setting of performance standards
- Achievement and improvements of performance targets
- Feedback from customers and client service

#### ***Risks:***

- Could make poor performance more obvious to customers
- Limited resource to chase responses to achieve standards.
- Initial quality of responses and commitments

## **4 Provide and commission cost effective, customer focussed property related services**

### ***Description:***

The introduction of AMS Business Partners has the potential to provide a step change in the way in which AMS contributes to the Council's corporate asset management arrangements but success will ultimately be dependent on the quality and cost effectiveness of the AMS services provided. These services include design, maintenance, facilities, property and helpdesk.

Performance improvement will be determined in conjunction with Objectives 2 and 3 based on measurements provided through AMS business partners on behalf of client services and through AMS customer helpdesk data.

This objective will require all of the operational services in AMS to work together with AMS business partners and the helpdesk to ensure the achievement of AMS commitments and effective communications.

### ***Strategies to achieve:***

- Introduction of Business Partners and a centralised AMS helpdesk
- Business Partners coordination of client based schedule of commitments for AMS service delivery
- Business partners to develop an understanding of why business is won or lost.
- Introduction of improved project management performance monitoring
- Introduction of "lessons learned" and improvement planning for each AMS service
- Increased awareness of what external competition offers in terms of cost, quality and responsiveness

### ***Measures of success:***

Appropriate indicators will be developed for each AMS service to measure timeliness, value for money, communications and overall client satisfaction and these will be linked to PDR objectives.

- Business Partner & Client satisfaction with each AMS service
- Projects / capital spend retained in-house and commissioned by AMS.
- Project Management performance indicators – measures timeliness and cost predictability, quality of work and defect detection
- Contractor Management performance indicators – measures time management, financial management, H&S, management of sub-contractors, quality of workmanship.
- Helpdesk query and service request response indicators

### ***Risks:***

- Ability to implement Objectives 2 & 3
- Ability to analyse and learn from service failures
- Support from some services to share information and give up project management responsibility

## **5 Maximise the benefits of a new Asset Management system**

### ***Description:***

The service has been allocated funding to buy a new Asset Management system during 2011/12. Introduction will commence during 2011/12 and complete during 2012/13.

This objective will seek to ensure that the most appropriate IT solution is procured and that effective project management arrangements are implemented to ensure a timely and successful introduction.

### ***Strategies to achieve:***

- The system procurement and implementation will be project managed by the Head of Service with specific responsibilities delegated to all members of the project team and end user representatives
- AMS will seek to ensure that the new system is integrated with the Council's other corporate IT systems and made available to the widest possible range of users
- The new system will enable AMS to produce annual financial statements for property assets in the Council's accounts (which is a statutory function), including rolling programme of budget valuations

### ***Measures:***

- To be determined by the project board and documented in the PID

### ***Risks:***

- Capacity and skills to optimise the system implemented
- Establishing appropriate links to existing financial systems
- Acceptance of cultural change by users

## **6 Introduce activity based budget management**

### ***Description:***

There is a need to devolve budget responsibility to managers and to establish clearer processes for monitoring expenditure. There is also a need to improve financial forecasting and reporting so that cost controls are more effective. This approach will improve the existing management system.

### ***Strategies to achieve:***

- Identify the potential for future savings
- Establish clear service level agreements with funding forecasts for each key client service (incl. Housing Revenue Account area)
- To agree realistic backlog markers within budget constraints so as to set clear process for prioritising spend
- To restructure budgets to enable activity based costing and clearer management responsibility

### ***Risks:***

- Support from Financial Services and pace of management skills development



## **7 Improve the utilisation of the Council's property assets and reduce its Council's Property related costs**

### ***Description:***

This is an overall outcome objective to address the Council's need to minimise property costs which covers:

- Asset rationalisation
- Accommodation utilisation
- Energy efficiency & Climate change
- Maximising income
- Improved commissioning
- Optimising planned / reactive maintenance expenditure

The major objectives in this business plan are aimed at reshaping the Asset Management Service so that client based asset management plans contribute to an overall asset management plan for the Council. It's essential that the Council's asset management plan enables the council to reduce its property costs.

This objective gives a clearer focus on costs compared to previous business plans, but the work involved will need to include the development of the appropriate property cost indicators that are currently not readily available.

### ***Strategies to achieve:***

- The introduction of AMS business partners
- Develop a performance culture and management control consistent with the agreed roles and responsibilities
- Develop improved relationships with members, Directors, partner and client services to enable better corporate decision making
- Establish performance management framework and key indicators of workload, output and quality
- Improve communications with Legal Services and other key service partners
- Develop acquisition and disposal strategies acceptable to Members, set and meet expectations
- Develop and manage clearer Landlord / Service tenant relationships and Landlord service standards
- Develop robust set of internal checks and balances that will eradicate unnecessary expense and effort on properties under review
- Use Capital Bid submission procedure as discussion tool on priorities
- Develop a range of options to reduce accommodation, property and land owning costs
- The Forward Plan and Future Work Programme will be used by the service to identify items that need to come to SDB in order to improve forward planning and reporting
- AMS will actively embrace the new Equality Act 2010, particularly in its implications for design and building management, and continue to use Equality Impact Assessments as a tool to ensure that equality, social inclusion and community cohesion issues can be considered when drawing up policies or proposals which affect the delivery of the service

### **Measures of success:**

- Establishing indicators of the council's property costs
- Actual reduction in council's property costs
- Meeting client based work programme commitments
- Achieving planned capital receipts
- Deliver planned levels of income and rating reductions
- Minimising cost of energy consumption across portfolio
- Space occupied per person (m2)
- Cost of occupation by service (m2)

### **Risks:**

- Limitations of existing asset management data systems
- Accessibility and accuracy of property related financial data.
- Council capacity to reshape services to enable property disposals

## **8 Improve staff wellbeing, service communications and service based team working.**

### **Description:**

Historically poor morale and an inconsistent approach to people management in the Service has hindered the well being of staff and affected service performance. We therefore plan to improve:

- Leadership communications
- Team culture & meetings
- One to ones
- Performance development reviews
- Management of good and poor performance

Although the aims of the well being agenda have been included in previous plans, there is no evidence of previous objectives leading to effective actions being taken.

AMS aims to reduce sickness absence in the service whilst managing individual cases sensitively.

AMS needs to support staff to become appropriately trained and to coach them to improve team working, communications and customer service.

This objective contributes to the PCC Equalities & Diversity strategy.

### **Strategies to achieve:**

- Clarifying all roles and responsibilities to encourage an understanding of how AMS works as a service
- Establishment of service champions for professional communications and legislation compliance updates
- Utilise team and group meetings to communicate and discuss service strategy and performance
- Establish an open and honest approach to PDR's with objectives linked to key service priorities, and to include customer communications and AMS team working
- Communicate and publish key performance indicators and project management measures

### ***Measures of success:***

- Average sickness days per person per quarter for service
- PDRs undertaken each year, staff satisfaction with process
- Staff survey responses
- Staff feedback and round table communications

### ***Risks:***

- Effects of the current economic climate and budget reductions
- Cultural change in people management

## **4. Governance arrangements**

These Business Plan objectives comply with the Local Code 6 core principles:

- we focus on the purpose of the authority and on outcomes for the community
- members and officers work together to achieve a common purpose with clearly defined functions and roles
- values for the authority are promoted and upheld through high standards of conduct and behaviour
- we take informed and transparent decisions, which are subject to effective scrutiny and managing risk
- we develop the capability and capacity of members to be effective
- we engage with local people and other stakeholders to ensure robust accountability

As this business plan is implemented, a range of performance management arrangements will be introduced and improved to ensure that key objectives and service performance are continuously monitored. These arrangements will include but will not be limited to:

Service management team (AMB) monitoring of business controls such as staff communications, absence data, PDR compliance and staff performance.

Service management team (AMB) monitoring of key process performance indicators related to procurement, gateway compliance and invoice turnaround.

Service management team (AMB) monitoring of Audit findings and corrective action follow-up

The formation and development of an AMS project board, project control indicators and a management system to anticipate, highlight and respond to projects at risk of not achieving their key objectives.

Continued improvements in the management arrangements for tracking and reporting on revenue and capital budget performance.

The introduction and development of management arrangements to monitor and improve the performance of the service as seen through its response to customer queries and service requests and based on the feedback and issues highlighted by AMS Business Partners.

## **5. Resource Plans**

Funding arrangements for the Asset Management Service are relatively complex in that although the majority of core activities are funded via General Fund "Cash Limit" revenue budgets, a number of these are then supplemented by cross charged revenue income from services such as Housing, and by charges to the capital funded projects that are managed and commissioned by the Asset Management Service on behalf of other council services and PCC "partner" organisations.

The Asset Management Service broadly covers five major areas of activity each with budgets based on these various funding arrangements.

This section contains details of these budgets for 2011/12 and a summary of the arrangements for funding the Asset Management Service "Business budget" is also provided in Appendix 1. This section also provides initial planning comments on potential changes to the staffing and organisation structure of the service through 2011/12 and the outline staffing structure as of May 2011 is included in Appendix 2.

### **Management, customer services and administration**

This element of the budget covers the costs of the Head of Service, Business Support, general administration staff and associated expenditure. The budget for 2011/12 is £370K from the general fund cash limit with no other source of revenue.

Costs for this area of activity will appear to increase during 2011/12 as staff are reassigned from other groups in AMS to strengthen a centralised customer query and service request handling team, but this will then create future potential for economy of scale savings and efficiencies through the introduction of the new Asset Management system.

### **Design, build and contract management.**

Staffing and related costs for this set of services are £1.49M, but all of this activity is funded by charges to capital or revenue cross charges to user services and as a result, for 2011/12, it's planned that this will produce a small net income of £108K. During 2011/12 the team will commission and manage a capital programme valued at approximately £10M for a range of client services.

The size and shape of the AMS Design Team is assessed regularly to ensure that it is appropriate and affordable given the volume, value and type of projects funded via the Council's corporate capital programme and / or other Service based initiatives. During 2011/12, it is likely that the number of "Landscape" related projects will reduce to the extent that the need for redeployment and / or potential redundancies will have to be considered.

The potential to reassign project management and other property staff from this team to the Corporate Property team to enable the introduction of AMS Business Partners and / or to support major property related projects will also be progressed during 2011/12.

### **Corporate Landlord and management of the Property Investment portfolio**

Staffing and related costs for the Corporate Landlord team are expected to be £779K for 2011/12 and of this, £350K will be funded by way of service cross charges and charges to capital projects including disposals, resulting in a net cost to the General Fund of £429K.

A restructuring of the property management resources will result in two teams, one dedicated to the management of the investment portfolio and to “day to day” activities such as lease management and property valuations, and a second team aimed at providing a Corporate Landlord function to centralise project management and to allow for the gradual introduction of Property “Business Partners” with responsibilities for supporting Council services and corporate regeneration, whilst also leading all major property related projects.

The number of Business Partners in the team will be determined based on a series of reviews to determine the most appropriate arrangements for each “client” service subject to the availability of funding. Some project management and other resource may be reassigned from the Design team and other parts of AMS to strengthen the group.

The Investment portfolio team has the prime responsibility for property related income generation and is accountable for a cash limited income budget of £4.465M in 2011/12.

### Accommodation and facilities management

Although the Accommodation and Facilities team has already been integrated into the Corporate Landlord function during the last 12 months, a separate budget is being retained. Gross expenditure on staffing and related costs is planned at £639K with the majority of this cost associated with Civic Office services. After deducting rental and cross charged income for parts of the Civic Offices of £89K, the net cash limit budget for these services is £550K.

In addition, this team manages an “Admin Buildings” budget of £1.65M to cover the costs of Civic Offices facilities contracts and associated service contracts.

A number of potential savings opportunities based on more effective access controls will be evaluated during 2011/12 for implementation by the end of the financial year. Workload associated with relocation and accommodation management is expected to be high and additional funding may be required as capital funded projects linked to other property disposal come forward.

### Property condition and maintenance management

The budgetted expenditure for this team during 2011/12 is £1.74M and the general fund cash limit contributes £644K of this total. The general fund contribution covers the majority of the costs of management staffing, the costs of providing services to monitor and assess property condition and to ensure statutory compliance.

During 2011/ 12, it is expected that £720,000 of the Maintenance team’s total expenditure will be funded by “fees” from managing major capital refurbishment and maintenance projects. The programme of capital funded projects for 2011/12 is likely to be in the order of £5M with the majority on behalf of Education and Cultural Services.

The balance of £380K will be funded by way of a cross charge for support to and services shared by the Housing Service and rechargeable costs for other work commissioned by the service.

In addition, this team manages a “Landlord’s maintenance revenue” budget of £1.63M that is used to commission contracted out services including those for reactive repairs and term servicing.

Increasing pressure on revenue budgets and the volume and value of the Council’s future programme of capital projects will have significant implications for the size and shape of the Asset Management Service and its ability to manage the risks associated with the condition of the Council’s property assets.

## Support Service resources

The following initiatives and projects to be undertaken by the Asset Management Service may require the Council's other support services to allocate resource in addition to that normally expected as "business as usual".

### **Information Services:**

- Implementation of the Asset Management System project (links to Objectives three & five)
- AutoCAD upgrade project (links to Objective seven)
- New conference room booking solution (links to Objective three & four)

### **Human Resources:**

- Support to service restructuring as detailed throughout this plan
- Additional support to People Management processes

### **Financial Services:**

- Additional support to Property disposal and cost modelling projects
- Additional support to budget restructuring and activity based financial reporting

## **Risks**

The Corporate Risk Register identifies major risks faced by the Council and the methods by which these risks can be reduced or mitigated by the Council and responsible officers.

As of July 2011, the major corporate risk associated with the activities and responsibilities of the Asset Management Service is the risk that the Council will not allocate sufficient funding to ensure that its property assets are adequately maintained.

Regardless of how this risk is assessed and scored, it is clear that this risk increases as funding reduces, particularly if the condition of the Council's property is not improving either as a result of previous maintenance expenditure or through reductions in the Council's property stock.

The Member for Resources will be fully briefed to ensure that this risk is adequately defined as part of the preparations for the 2012/13 and subsequent budgets.

Operational risks associated with the achievement of this Asset Management Service business plan are listed under each of the objectives described in this document.

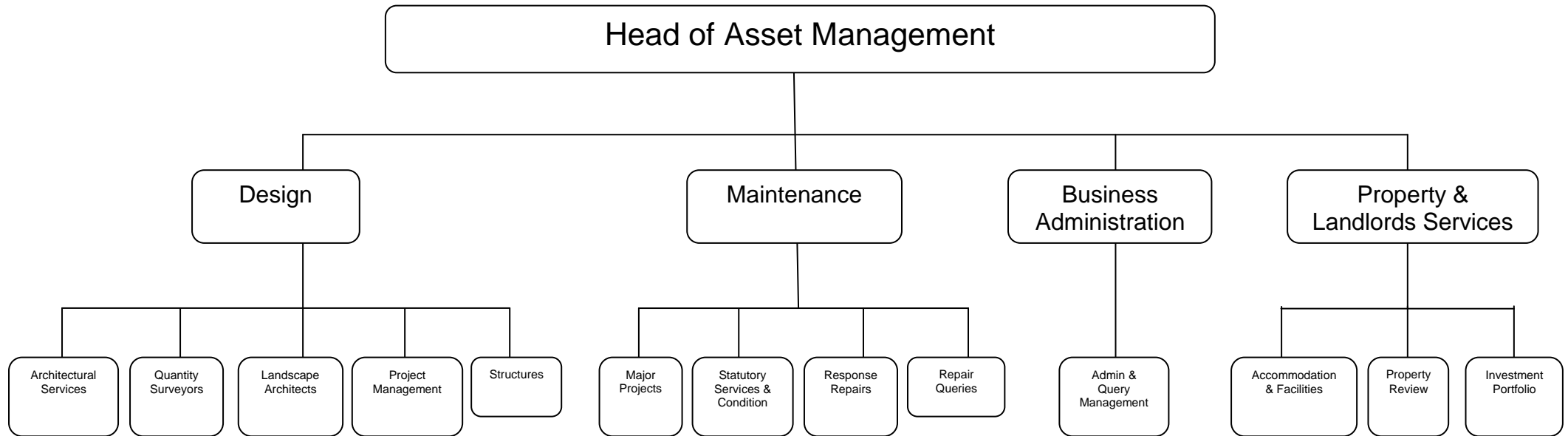
Appendix One

**Asset Management Service - BUSINESS PLAN 2011/14**

<b>Area</b>	<b>Type</b>	<b>Total Cash Limited Expenditure</b>	<b>Capital, SLA and other income</b>	<b>Cash Limited Budget</b>
<b>Management &amp; Admin</b>	Employee Related Costs	265,130		
	Other Costs	105,420		
	<b>Total</b>	<b>370,550</b>	<b>0</b>	<b>370,550</b>
<b>Maintenance</b>	Employee Related Costs	1,695,170		
	Other Costs	49,060		
	Income from works for HRA		(130,000)	
	Income from Capital schemes		(720,000)	
	Recovered Rechargeable Costs		(250,000)	
	<b>Total</b>	<b>1,744,230</b>	<b>(1,100,000)</b>	<b>644,230</b>
<b>Property Services</b>	Employee Related Costs	679,600		
	Other Costs	99,010		
	Fees and charges		(40,000)	
	Income from works for HRA		(200,000)	
	Income from Capital schemes		(65,000)	
	Recovered Rechargeable Costs		(45,000)	
<b>Total</b>	<b>778,610</b>	<b>(350,000)</b>	<b>428,610</b>	
<b>Design Services</b>	Employee Related Costs	1,442,170		
	Other Costs	49,580		
	Income from works for HRA		(70,000)	
	Income from Capital schemes		(1,500,000)	
	Recovered Rechargeable Costs		(30,000)	
<b>Total</b>	<b>1,491,750</b>	<b>(1,600,000)</b>	<b>(108,250)</b>	
<b>Facilities</b>	Employee Related Costs	554,550		
	Other Costs	84,120		
	Sales		(2,700)	
	Fees and charges		(15,000)	
	Income from works for HRA		(64,700)	
	Recovered Rechargeable Costs		(6,310)	
<b>Total</b>	<b>638,670</b>	<b>(88,710)</b>	<b>549,960</b>	
<b>TOTAL AMS</b>	Employee Related Costs	4,636,620		
	Other Costs	387,190		
	Income from works for HRA		(464,700)	
	Income from Capital schemes		(2,285,000)	
	Recovered Rechargeable Costs		(331,310)	
	Sales		(2,700)	
	Fees and charges		(55,000)	
<b>Total</b>	<b>5,023,810</b>	<b>(3,138,710)</b>	<b>1,885,100</b>	



## ASSET MANAGEMENT SERVICE



Service FTEs = 123 (June 2011)

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**264**