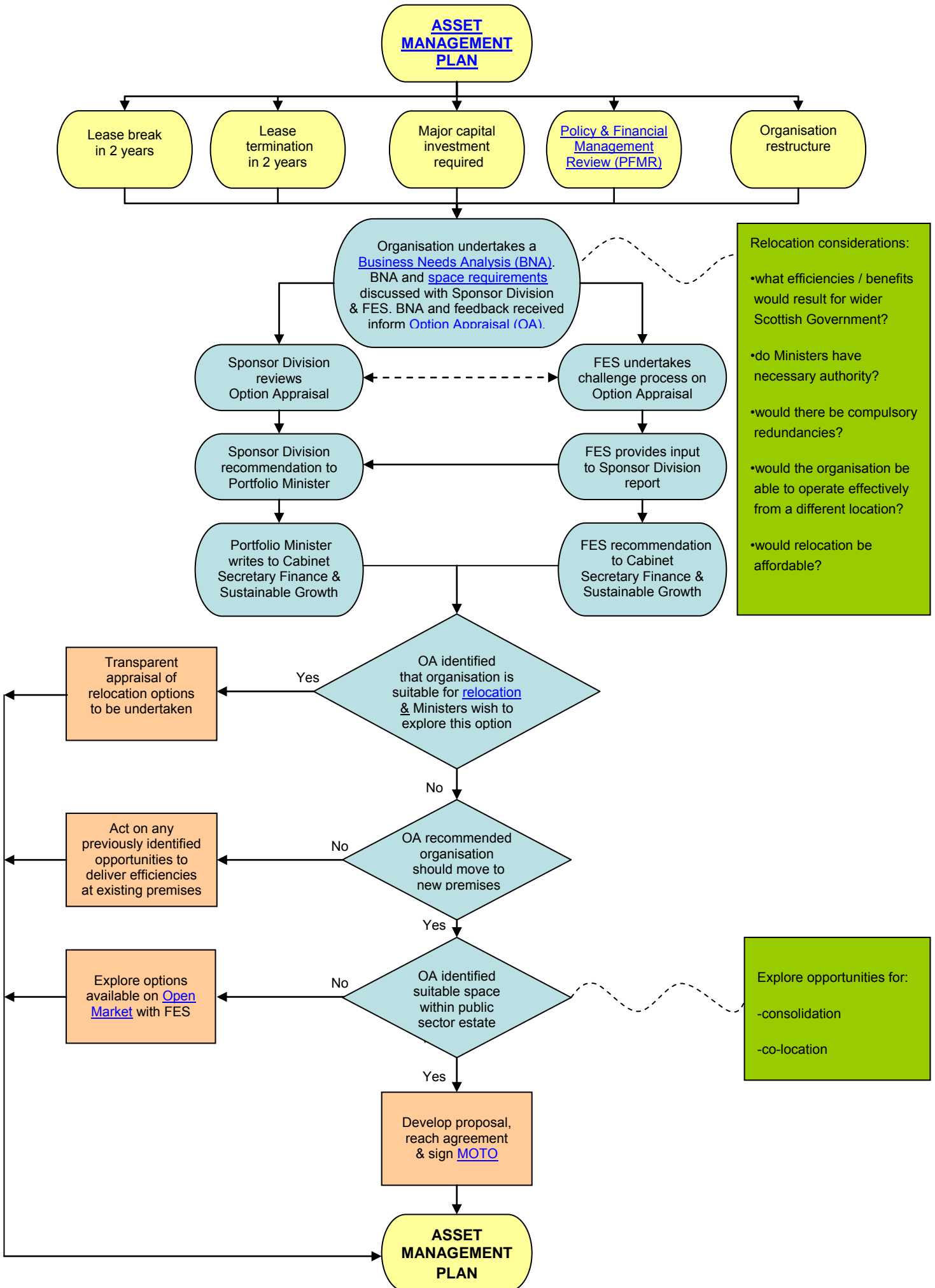


# IMPROVED ASSET MANAGEMENT & LOCATION OF PUBLIC SECTOR ORGANISATIONS



## **IMPROVED ASSET MANAGEMENT & THE LOCATION OF PUBLIC SECTOR ORGANISATIONS**

### **Principles**

The Scottish Government is committed to making better use of its existing assets. This commitment means that when public sector organisations are considering their future accommodation requirements there should be a presumption in favour of suitable solutions from within the Government estate. With its strategic overview of public sector accommodation holdings, the Facilities & Estates Services Directorate (FES) is well placed to assist public sector organisations throughout this process.

Once a preferred solution has been identified it has to be submitted to the Cabinet Secretary for Finance and Sustainable Growth. Before the Cabinet Secretary will sign off on any new commitments (leases and acquisitions) or location decisions he/she will require evidence that solutions from within the existing Government estate have been given proper consideration.

This policy of better asset management operates within the context of the [Government's Purpose](#) and the [five strategic objectives](#) and is set out in detail on the [Scottish Parliament's website](#).

### **Scope**

The policy applies to the core Scottish Government, its Agencies and NDPBs and those parts of the Health Service, with a national remit, that require office-based headquarters accommodation.

### **Asset Management Plans and ePIMS**

Following the 2007 Asset Management Review, all Scottish Government organisations are required to lodge an [Asset Management Plan](#) (AMP) with FES. These Asset Management Plans should set out the organisation's office requirements, and aspirations, over a 10 year period.

The Asset Management Plans, or the Business Plans from which they are derived, highlight events such as: lease breaks or terminations, requirements to undertake significant capital investment to deliver the organisation's accommodation needs, forthcoming [Policy & Financial Management Reviews](#) (PFMR) and/or organisational restructuring.

Under the new policy of better asset management, events of this nature trigger a review of the organisation's current accommodation holdings, how it expects to deliver its future accommodation needs and what efficiency gains might be achieved.

By considering these issues well in advance, FES can develop office property solutions that work to the benefit of both the organisation concerned and to the wider Scottish Government. Much of this work is informed by information held on the [ePIMS](#) (electronic Property Information Mapping Service) database and therefore it is vital that organisations ensure that these records are kept up-to-date.

## **Business Needs Analysis**

In order to help determine suitable accommodation and location options, the organisation should first undertake a [Business Needs Analysis](#) (BNA). This comprises a review of the organisation's business functions, how these are delivered and to what extent any of them are location dependent. It includes a review of staffing, IT and [accommodation considerations](#).

The information required from this exercise is set out in the Business Needs Analysis form, copies of which should be submitted to both the organisation's Sponsor Division and to FES.

## **Option Appraisal**

Having received comments on their Business Needs Analysis submission the organisation can consider which accommodation and location solutions are most appropriate to their business needs through an [Option Appraisal](#).

It is central to the new policy that priority will be given to the efficient use of the existing estate and to solutions that represent best value-for-money for the Scottish Government as a whole – providing that this meets the needs of the organisation and unless clear reasons for an alternative are agreed and articulated by Ministers.

Opportunities to share services, improve environmental performance and/or save energy will also form part of the appraisal process.

Because of its strategic role, FES is well-placed to provide advice on accommodation options and best practice guidelines on space management. Therefore, it is essential that the organisation establishes contact with FES at an early stage, and works closely with the Directorate to identify and develop suitable accommodation solutions.

The organisation should provide its analysis of these solutions, with respect to its business needs, in its Option Appraisal document that it submits to its Sponsor Division and to FES. The submission should identify, and justify, the organisation's preferred option and a "fall-back" option - that will be pursued in parallel with the main negotiations.

The Sponsor Division will undertake its own analysis of the information provided in order to satisfy itself that the organisation's preferred option is appropriate. This will require an appraisal and evaluation to be undertaken in accordance with the requirements of the [Scottish Public Finance Manual \(SPFM\)](#). This appraisal will consider the real economic cost of each option as well as qualitative aspects and any associated risks. This will allow an informed decision to be made based on both economic sustainability and operational needs.

Organisations should take account of this in the preparation of their Option Appraisal and ensure that their Sponsor Division is provided with all of the data necessary to undertake such an analysis. Guidance on the principals, techniques and procedures used are available in [HM Treasury's Green Book](#).

The Sponsor Division's analysis, including input from FES, will then be presented to their Portfolio Minister. Once the Portfolio Minister has agreed a location option for the organisation they will write to the Cabinet Secretary for Finance and Sustainable Growth for the accommodation and location solutions to be signed-off or for any disputes relating to the existing estate to be resolved. With the exception of any commercially sensitive data, all location and asset management decisions will be made public.

### **Relocation**

While the new policy is based fundamentally on the efficient use of the existing estate, Ministers retain the right to consider the [relocation](#) of organisations in certain cases. Where relocation is pursued, it will be for Ministers to determine the new location of the organisation following an open and transparent process.

### **Small Units Initiative**

Ministers remain committed to the principle of job dispersal where the benefits derived are commensurate with the costs incurred. This appears to be more readily achieved with smaller-scale relocations and consequently the Small Units Initiative remains an element of the policy of improved asset management.

Sponsor Divisions are asked to keep under review opportunities for Small Unit relocations from within their business area. Decisions on the location of Small Unit relocations will be taken by Ministers on the basis of recommendations made by the Facilities and Estates Services Directorate. In making its recommendation, FES will take account of the business needs of the unit and fit with other rural initiatives. When considering appropriate receiving communities, particular weight will be given to those deemed remote, rural or fragile.

Where Sponsor Divisions believe that they have spare capacity within an office in such an area they should bring it to the attention of the Facilities and Estates Services Directorate in order that matches with suitable Small Units can be considered.

### **Implementation**

Once a decision has been reached on the location of the organisation FES will provide support to ensure a successful implementation.

Where an organisation is remaining in its existing accommodation this may simply take the form of advice on how the available space could be used more efficiently or how other efficiency savings could be delivered.

Where an organisation is moving to new premises FES will provide support with respect to negotiations on the lease ([open market](#) private landlord) or on the [MOTO](#) (Memorandum Of Terms of Occupation – public sector).

The principles of mainstream asset management outlined above will apply to all accommodation reviews across the Scottish Government estate including those properties that fall within the scope of defined initiatives such as SEARS (Scottish Environment and Rural Services).

## **GLOSSARY OF TERMS AND SUPPLEMENTARY INFORMATION & MATERIALS**

### **The Scottish Government's Purpose**

The overarching purpose of the Scottish Government is to increase sustainable economic growth.

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### **The Five Strategic Objectives**

The Scottish Government's purpose is underpinned by five strategic objectives –

- a wealthier and fairer Scotland
- a smarter Scotland
- a healthier Scotland
- a safer and stronger Scotland; and
- a greener Scotland.

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## Asset Management Plan

The Asset Management Review provided the following template which outlines the essential information that should be included in any Asset Management Plan:

**Purpose:** A statement of the business aims and objectives of that organisation and how they help to deliver the government's strategic objectives.

**Estate:** A description of the property assets and a link to that organisation's asset register recording all the assets (buildings and adjacent land) owned, managed, leased or occupied by that part of government.

e.g. the organisation is located in towns (A) and (B). The (A) office of (\*)m NIA, houses (x) staff, is modern, ideally located and entirely meets the needs of the organisation.

The two (B) offices of (\*)m and (\*)m NIA, have a staff complement of (y) and (z) respectively. Each is operationally adequate but were never designed for modern day requirements and the operation of both is inefficient.

**Functionality:** The function of each asset within the organisation – i.e. what each property is used for now and in the future. A statement setting out how the management of its assets does and will provide workspace in which the business of the organisation can be carried out most efficiently and effectively.

**Responsibilities/Accountabilities:** The organisational arrangements for asset planning, decision making, implementation and risk management – i.e. named individuals – who does what.

**Finance:** The links between financial planning and asset planning. What budget provision has been made for known key events and likely impact of planned changes. Certain provision for possible unforeseen events.

**Performance Monitoring:** The performance management and monitoring arrangements, including targets and benchmarking.

**Future Development Programme:** The programme of planned and intended asset development, including acquisitions, sharing, disposals and maintenance.

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## **Policy and Financial Management Reviews (PFMR)**

Policy and Financial Management Reviews (PFMR) are the mechanism by which the Scottish Government ensures that public bodies accountable to it are delivering its policies and priorities in an economic, effective and efficient manner. They are concerned with the delivery of the Scottish Government's policies, not the policies themselves.

The 2001 report "Public Bodies: Proposals for Change" set out a requirement for PFMRs to be carried out at least once every five years with the aim of improving public service delivery.

PFMRs are undertaken in two distinct stages:

- The first stage examines whether or not the functions of the body are still required and, if they are, whether or not the existing governance model continues to be appropriate for delivering those functions.
- The second stage is only carried out if the first stage concludes that the functions are still relevant and that the body remains the appropriate delivery mechanism. In this second stage the efficiency and effectiveness of the body are examined in more detail.

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## **electronic Property Information Mapping Service (ePIMS)**

The Office of Government Commerce's (OGC) electronic Property Information Mapping Service (ePIMS) is a database of the Government's civil estate occupations. It displays the precise location and outline of department's properties, holdings and occupations on computerised maps and is available over the Government Secure Intranet.

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## **Business Needs Analysis**

### **Section 1 – General Details**

Name of Organisation / Body	
Designation e.g. NDPB	
Lead Minister	
Stage of Review	
Are Staff Transferable?	
Sponsor Division	
Review Trigger	
Address(s)	
Background to the review	



## Section 2 - Business Function Considerations

1.	What are the corporate aims and objectives? Please describe:	
2.	Please provide an Organisation Chart to show current structure	
3.	Please provide a summary of the business function of the body conducting a location review:	
4.	Do you have a forward business plan?	yes/no
5.	If yes, please provide	
6.	If available, please provide a Future Organisation Chart to show proposed structure	
7.	What do you think are the key factors for the successful operation of the business? (Please list in order of importance)	
8.	Which of these factors do you consider to be location dependent and why, please provide evidence?	
9.	What are the biggest challenges and risks that the business faces in the next 3-5 years and how might relocation exacerbate or mitigate these?	
10.	Has a risk register for the business area been prepared?	yes/no
11.	If yes, please provide a copy	
12.	What new business practices have been or are being considered? Please describe:	
13.	Are there any key dates/events in the horizon? (e.g. PFMR, reorganisation, evaluation of service). If yes, please describe and provide dates:	yes/no
14.	Do you need to promote a corporate identity/image?	yes/no
15.	If yes, what bearing does the location have on the corporate identity?	
16.	Is the building important in promoting the corporate identity?	
17.	Do you have a sustainable development policy?	yes/no
18.	Do you have an Asset Management Plan?	yes/no
19.	Are there elements of the business which are small, discrete areas of work which could operate separately from the main business location?	yes/no
20.	If yes, please describe the nature, size and function of the business area:	
21.	Could these areas of business operate remotely from the main business area i.e. not location dependent?	yes/no

### Section 3 - HR Considerations

<b>Staff Numbers</b>	
22.	Current Number of Staff (FTE) and location
23.	Current Number of Staff (WTE) and location
24.	Future Number of Staff (FTE) and location

<b>Staff Employment Status</b>	
25.	What is the employment status of the current staff? e.g. Scottish Executive core staff, seconded etc.

<b>Flexible Working Arrangements</b>	
26.	Which flexible working policies does the business utilise e.g. FWH, home-working, compressed hours? Please list
27.	How many staff participate in each?
28.	Could flexible working arrangements be extended?

<b>Staff Recruitment</b>		
29.	Do you have difficulty recruiting staff?	yes/no
30.	If yes, please provide background information:	
31.	Where do you recruit your staff from e.g. locally, nationally?	
32.	What are the profile/skills of the staff you recruit e.g. educated to degree level?	
33.	What attracts staff to work for your organisation e.g. pay and conditions, specialist nature of work?	
34.	Is the location of the organisation an important factor when recruiting staff?	yes/no
35.	If yes, please specify why and provide evidence:	

**Staff Retention**

36.	Do you have difficulty retaining staff?	yes/no
37.	If yes, please provide reason for this:	
38.	What is the churn rate?	
39.	What is the average sick absence per member of staff?	
40.	Have you ever conducted a staff survey? If yes what are the results?	yes/no
41.	If you relocated, how many staff and at what grade do you consider essential to retain?	
42.	If you relocated, how many staff and at what grade do you consider desirable to retain?	
43.	Please provide any other relevant staff information	

**Staff Travel**

44.	Do any of you staff travel for business purposes?	yes/no
45.	If yes, please describe and who they travel to see:	
46.	Number of staff who travel?	
47.	How often?	
48.	What is their method of travel e.g. train, car?	
49.	What significance do you attach to the mode of travel?	
50.	Do you have an integrated transport policy?	yes/no
51.	Could a significant number of meetings be conducted by videoconference link rather than physical travel?	yes/no
52.	Does the business need to be situated close to main transport links?	yes/no
53.	If yes, please state the relative importance of road, rail, air and public transport links broken into percentages:	
54.	If the business was not close to main transport links could it still function effectively?	yes/no
55.	If no, please state why:	

## Section 4 - Property Considerations

56.	How many properties does the organisation occupy?	
57.	For each property please provide details listed at Annex A	
58.	What are the organisation's space requirements (m <sup>2</sup> ) (see space questionnaire)?	
59.	Is the space flexible enough/fit for purpose for current needs?	yes/no
60.	Is the space flexible enough/fit for purpose for future needs?	yes/no
61.	Do you share the property?	yes/no
62.	If yes, with whom do you share the property – please list:	
63.	Do you currently share any services?	yes/no
64.	If yes, what services and with whom?	
65.	Are there any co-location opportunities that the organisation could consider?	
66.	Are there opportunities to share services? - please describe	

## Section 5 - ICT Considerations

67.	Do you have fit for purpose ICT equipment?	yes/no
68.	If no, please explain:	
69.	Do you use any specialist or bespoke systems/equipment?	yes/no
70.	If yes, please describe and note if the location is an important factor:	
71.	Do you use SCOTS/SCOTS lite? Please specify	
72.	Have you contacted the Scots Connect Team to discuss your future ICT requirements and an appropriate implementation timetable?	yes/no

## Section 6 - Stakeholders

73.	Who are your main stakeholders? Please list:	
74.	Is communication with stakeholders mainly by electronic means?	yes/no
75.	If no, please state methods of communication/interaction:	
76.	Where are they located (Please provide name of city/town)?	
77.	Do you need to be located adjacent or close to any of them?	yes/no
78.	If yes, list which organisations you need to be close to or adjacent to and state why, (please provide evidence):	
79.	Which stakeholders visit you for essential business purposes and how often?	
80.	Do you need to be located in an area where the public can easily visit you?	yes/no
81.	If yes, state why and provide evidence:	

Property Name:
Property Address:
Property postcode:
Tenure:
Lease terms (including break options and rent review dates):
Property Costs (see costs template)
NIA (m <sup>2</sup> ) of Property:
NIA (m <sup>2</sup> ) of occupied area:
Current usage/function e.g. office, store:
General description/condition :
Compliance with current regulations:
Property location description:
Does the property present a development opportunity? y/n
If yes, in what way?
General comments/unique factors

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## Space Requirement Questionnaire

### Project Details

Agency/Body Title  
 Contact name  
 Telephone  
 E-mail  
 Fax

**Division:**

Space use:  
 Total Number of staff:  
 Projected expansion:

### Adjacencies

**Please list each division and co-location priority**

- 1 - must be co-located
- 2 - considerable benefits if co-location achieved
- 3 - some benefits
- 4 - no direct benefit

Division	Co-location priority	All or Part of Division?		Please note the Branches/Teams that need to be co-located

**Section 1 - Office Space**

Do you agree that open plan accommodation should be used?

Category of Space	Required (yes/no)	Number Required		Comments:
<b>Staff Space</b>				
Individual Room				Insert total number of people who require their own office
Open Plan Space				Insert total number of staff to be accommodated in open plan space

**Breakdown of open plan space:-**

Single workstation				
Double workstation				
Group of 4 workstations				
Group of 8 workstations				

**Section 2 - Conference/Meeting Space**

Has a survey of current meeting room use been conducted?

Meeting Space	Required (yes/no)	Number Required	Average Number hours in use each day	Comments:
Open Plan Meeting Space				
Interview room (to accommodate up to 4 people)				
Meeting room (to accommodate up to 10 people)				
Conference Room (to accommodate up to 30 people)				
Conference Room (to accommodate more than 30 people - please specify max number)				
Training room				
Video conference				



**Section 3 - Alternative Working Areas**

Do you think alternative working areas should be provided?

Alternative Work Areas	Required (y/n)	Number Required	Average Number hours in use each day	Comments:
Hot desks;				
Quiet study room;				
Project/ group space;				
Break-out area;				

**Section 4 - Storage Areas**

When will ERDM be introduced and have the effects of this been taken into consideration?

Storage Space	Required (yes/no)	Number Required		Comments
High level storage units:				
Low level storage units:				
Archive store:				
Stationery store:				
Mobile Racking:				
Secure store:				
Waste disposal/ recycling:				



**Section 6 - Common/Support Space**

<b>Support Space</b>	<b>Required (yes/no)</b>	<b>Number Required</b>		<b>Comments</b>
Reception				
Waiting room				
Display area				
Security office				
<b>Social/Catering Space</b>				
Bistro/ café				
Refreshment point				
Kitchen				
Lounge area				
<b>IT Space</b>				
Communications room				
Computer room				
Hub cupboards				
IT office				
<b>Ancillary Space</b>				
Library				
Mail room				
Print & copy room				
Filing/Scanning centre				
<b>Leisure Space</b>				
Crèche				
Health club & facilities				
Showers & changing				
Sports room				
<b>General Space</b>				
First aid room				
Cloak room				
Cleaners store				

## Section 7 - External Space

What external facilities should be provided?

External Space	Required (yes/no)	Number Required		Comments
Car parking spaces (disabled):				
Car parking spaces (visitor):				
Car parking spaces (pool car):				
Car parking spaces (staff):				
Motorcycle spaces:				
Secure bike shed:				

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## Option Appraisal

The organisation's Option Appraisal should be based upon the Business Needs Analysis – taking account of any feedback received from the Sponsor Division and/or the Facilities and Estate Services Directorate. There should be a clear link between the findings of the BNA and the property solutions explored in the Option Appraisal.

The property solutions under review should be considered in a wide context using [SPFM](#) and [Green Book](#) appraisal methodologies. Quantifiable and non-quantifiable benefits should be considered and any risks associated with particular solutions should be highlighted.

Issues that should be considered include:

- whether or not the property forms part of the existing Government estate.
- is it the right size (consider future organisational/operational developments) and does it provide flexibility of layout that would be supportive of new ways of working? What type of staff amenities are provided?
- is it in a suitable location with regard to proximity to stakeholders? How is it served by public transport and what car parking is provided? What is the anticipated level of staff retention should there be a move to this location?
- is it available (and could any necessary works be completed) within the required timescale?
- how does it perform with respect to Disability Discrimination Act (DDA), security, Health & Safety and environmental performance considerations?
- what are the costs of adopting this solution - running costs, remodelling and repair costs, lease liabilities, opportunities to adopt shared services and costs associated with the level of IT flexibility and any infrastructure works.
- what are the terms of the lease/agreement on offer with respect to duration, flexibility, obligations and liabilities?

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## **Scottish Public Finance Manual (SPFM)**

The Scottish Public Finance Manual is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of funds.

Further information on SPFM Appraisal and Evaluation processes can be found via the following link –

<http://www.scotland.gov.uk/Topics/Government/Finance/spfm/appraisal>).

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### **‘Green Book’**

HM Treasury’s Green Book provides an overall methodology that allows the user to undertake an economic assessment of the social costs and benefits of all new policies, projects and programmes.

The Scottish Public Finance Manual (SPFM) requires public bodies seeking to invest in new accommodation to undertake Green Book appraisals in order that Ministers can be presented with a range of options - including the status quo. A [Net Present Value \(NPV\)](#) should be prepared for each option in order to facilitate a consistent comparison of the costs and benefits that accrue over the lifetime of the asset.

The Green Book recommends that all spending proposals should be accompanied by a proportionate and well structured business case. Guidance is provided on the preparation of businesses cases for the public sector.

The Green Book is available via the following link –

[http://www.hm-treasury.gov.uk/d/green\\_book\\_complete.pdf](http://www.hm-treasury.gov.uk/d/green_book_complete.pdf)

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### **Net Present Value**

Net Present Values (NPV) are the discounted values of either future costs or benefits. The term Net Present Value is used to describe the difference between the present value of a stream of costs and a stream of benefits.

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## **Relocation**

Organisations will be considered for relocation only if they are deemed suitable and if Ministers have indicated that they wish to pursue this option.

Organisations will be deemed suitable for relocation only when, following a review of their requirements, it is deemed that:

- Ministers have the necessary powers to determine the location of a body,
- it is likely to realise efficiencies and/or benefits to the wider Scottish Government,
- it will not lead to compulsory redundancies,
- the organisation should be able to operate effectively from another location, and
- it can be afforded.

The Cabinet Secretary for Finance and Sustainable Growth, in conjunction with the Ministers with policy responsibility for the organisation, will determine the location following an open and transparent process. This process will include the involvement of management and union representation from the organisation.

In selecting a location, greatest weight will be placed on the following factors:

- suitability of the location for the organisation's identified needs including business continuity, potential for recruitment/match with local employment trends, skills-sets and available local housing,
- availability of suitable property on site at reasonable cost and available within reasonable timescale (in some cases this may imply that an organisation will require to inhabit interim accommodation in the location),
- potential to achieve efficiencies and achieve value for money.

Consideration will also be given to:

- opportunities afforded to contribute to/demonstrably stimulate local regeneration/economic growth,
- potential to contribute to the development of a local centre of excellence,
- opportunity to achieve a potential reduction in carbon emissions and to contribute to the Greener Scotland programme,
- other factors relevant to the specific relocation as announced by Ministers at the outset of the location search: these factors may include geographical parameters for the location search.

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## **Property available on the Open Market**

The Facilities and Estates Services Directorate (FES) of the Scottish Government operates the [Scottish Public Sector Property website](#) on behalf of Scottish Ministers. Its purpose is to help participating Scottish public sector bodies dispose of their surplus properties quickly and efficiently, and to help potential buyers locate who is marketing particular surplus properties.

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## **Memorandum of Terms of Occupation (MOTO)**

A MOTO is an administrative term describing a standard internal agreement between Government departments.

Similar principles can be applied between the Government and Non Departmental Public Bodies and Agencies through a Memorandum of Terms of Understanding (MOTU).

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