



Northern Ireland
Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

Reform of Property Management Project:
Department of Finance and Personnel
Officials

15 October 2014

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Daithí McKay (Chairperson)
Mr Dominic Bradley (Deputy Chairperson)
Ms Michaela Boyle
Mrs Judith Cochrane
Mr Leslie Cree
Mr Paul Girvan
Mr John McCallister
Mr Ian McCrea

Witnesses:

Mr Jim McCreesh	Department of Finance and Personnel
Mr Paul Wickens	Department of Finance and Personnel

The Chairperson (Mr McKay): I welcome Paul Wickens and Jim McCreesh from the Department. Good morning.

Mr Paul Wickens (Department of Finance and Personnel): Good morning.

The Chairperson (Mr McKay): Would you like to give us a brief overview?

Mr Wickens: Yes, absolutely. Thank you very much for this opportunity.

As you know, in June 2013, the Executive approved the first region-wide assets management strategy, which had been developed by the Strategic Investment Board. One of the strands of work in the strategy is about centralising the management of office accommodation by transferring the office properties and management responsibility from Departments and their arm's-length bodies into a shared service. This shared service will sit in an expanded DFP properties division within Enterprise Shared Services. This work on centralisation is referred to as the reform of property management (RPM) project.

There are three main strands of work in the RPM project. The first strand is about office estate transfer, and that involves the preparatory work required to ensure the successful transfer of office accommodation to DFP properties division. That includes putting together a comprehensive database of office estate information; identifying and resolving procedural, legal and budgetary issues; and getting agreement on the phasing of transfers. The second strand is about surplus asset transfers. That will involve the preparatory work needed to successfully transfer all surplus land and assets to the newly established unit within properties division. That includes compiling a database of surplus

asset information, the agreement of asset transfers and a disposal programme for 2016 and beyond. A third strand of work focuses on preparing properties division to undertake the new and additional work in relation to property management and asset disposal.

We now have a project director and have appointed an office transfer project manager, who will start in the new year. We have been working with Central Procurement Directorate (CPD) to obtain external contractors to carry out the technical and due diligence survey work. Some of that work has already been procured under an existing CPD framework. We are hoping to get other contractors to start work in late October or early November, and that work is due to complete by the end of March 2015. Over the next few months, we will be developing a draft work programme plan for the delivery of the RPM project, which will identify short-, medium- and long-term plans for each work strand of the project.

I hope that this sufficiently explains the background and I am happy to take any questions that you might have.

The Chairperson (Mr McKay): Further to the references to the compilation of a comprehensive database of office accommodation and surplus assets, as far back as 2011 the Finance Committee called for a central register of all public sector property here. Has that ever been done, or does that exist?

Mr Wickens: Well, there is a register — electronic property information mapping service (ePIMS) — that we use to collate all the property information. Not all the properties across the wider central government estate are on that, so this is about pulling all of that information together. If you recall, there was the asset management strategy and then what is called the state of the estate (SOFTE) report that was produced in 2012. One of the recommendations from that was to go and do further work on it. We have only just got the team in place now that is building the full details of that. The next stage beyond that is to get the conditions surveys done on all of those buildings.

The Chairperson (Mr McKay): When will that be in place?

Mr Jim McCreesh (Department of Finance and Personnel): Just to finish off what Paul was saying, the information that is held on ePIMS is very high-level information about the buildings. The survey reports that are being progressed provide a lot more detail about the condition of the buildings.

Mr Wickens: As to the question of when it will be completed, if I recall, it is 2016, but we can double check and come back to you on that.

The Chairperson (Mr McKay): How extensive is the scope of the project, in terms of the range of arm's-length bodies to be included?

Mr Wickens: The idea is to take all the arm's-length bodies. There are up to 120 bodies identified in the state of the estate report and the asset management strategy that could undertake the management and disposal of assets, so, it is basically going to all of those ALBs.

Mr McCreesh: The intention is to bring them all on board, and each will be considered on its own basis. There may be some reasons why they cannot come into the wider estate.

The Chairperson (Mr McKay): Your briefing states:

"As of 31st March 2014 there were c.15,500m2 vacant throughout the ... estate. This represents c.3% of the ... estate."

A comparison was made with the equivalent in England at 2.5%. Is that a good vacancy rate, or could we do much better? Has England been put in there because it is quite similar? I am trying to get a sense of how well you are doing.

Mr Wickens: We think that we have quite a bit of room for improvement. Look at where we were in 2012: effectively we had the equivalent of 1.2 workstations per member of staff, which is 20% over capacity at its simplest level. The new proposals that take those forward are to reduce them to having eight workstations to 10 members of staff. There is quite a bit of room for improvement. It was reduced by 3% in that period of time, but there is much more room for improvement.

The Chairperson (Mr McKay): The Committee is finishing off a body of work in regard to flexible working, working from home and working at satellite stations and offices. There are a number of options, but we picked up a degree of resistance in the Department. How is that going to dovetail into this? Is flexible working part of the solution? I think — other members may have different views — that flexible working could realise significant savings in the public sector, particularly in terms of the estate.

Mr Wickens: The Committee has been conducting an inquiry into flexible working. If you recall, we had a visit from the Committee to Clare House. That must be well over a year ago now.

Mr Cree: I remember that nobody was there.

Mr Wickens: It is full now; we have absolutely crammed the building full. I think that we presented at that stage that we had a number of policies that supported flexible working. We continue to provide the accommodation that is very much in line with that. As we move towards what we call the new Workplace NI standard, the idea is to have some hot-desking capability. My own building, Goodwood House, has a small number of desks available for people coming from the estate down to work in the centre of town, for example. Obviously you can go much wider afield than that.

The Chairperson (Mr McKay): We do not get a sense that it is being rolled out with any great leadership or urgency. Whilst there are good examples in the public sector and the Department of Finance and Personnel, they have been there for a year or two now and have not been rolled out elsewhere. Why is there a sticking point?

Mr Wickens: With regards to providing flexible working capabilities, or pushing the office estate out wider than Belfast?

The Chairperson (Mr McKay): In terms of the policy overall. There is resistance. We had the former permanent secretary here, and we definitely picked up from his contribution that there was reluctance on behalf of the Department.

Mr Wickens: Again, all I can reiterate is that we believe that we have policies in place to support whatever Departments require of that. As we get the demands for that, we continue to try to support that.

The Chairperson (Mr McKay): Do you believe that it is enough?

Mr Wickens: In terms of the policy? I think that the policies are adequate. Even moving into the current situation that we are in financially, I think that the policies should underpin what we need to help to support people. If people are required to work in —

The Chairperson (Mr McKay): What about the policy in terms of outcomes? Could we be doing a lot better?

Mr Wickens: Part of the reform of property management is to provide that capability so that the outcomes can be delivered. We will deliver what is required based on departmental needs over the next periods of time.

The Chairperson (Mr McKay): What is the timetable for achieving space utilisation targets across the Civil Service estate?

Mr Wickens: The reform of property management project is intended to run to 2017. The idea is that we will have all the different offices and the surplus land transferred to DFP at that stage. During that period, we will start to realise benefits and savings from that. By 2017, if I recall correctly, about 60% of the opportunity is there to close down inefficient leases or shut off leases and move into more efficient accommodation. Between 2017 and 2022, the remaining just less than 40% of leases can be looked at over that period. There is quite a big opportunity leading up to 2017, and it then starts to tail off a little bit. Is that correct, Jim?

Mr McCreesh: Yes.

The Chairperson (Mr McKay): What are the potential savings?

Mr Wickens: The asset management strategy talked of anywhere from £30 million to £50 million. I am always hesitant to give those numbers out, but they are on the record. That is on the basis of closing down every lease, but that may not be possible because there may be some pent-up demand that we have to consider. There certainly is the potential for £30 million to £50 million of cumulative savings. So far, from 2009 to 2014, we have already delivered about £15 million of savings through the predecessor to this more detailed programme.

Mr Cree: I get the feeling that it is a process and that there is little urgency in it. I remember that, not all that long ago, the policy was to sell off properties and lease back so that maintenance costs and refurbishment costs were met by the landlord. Obviously that has now changed and, indeed, we have been buying properties and buying out leases. How do you see all this working through this track that you have planned up to 2017 or 2022? Will Departments still be able to sell off redundant properties and buy out leases?

Mr Wickens: The idea is that Departments will not be able to do anything. We are moving them all into a central unit so that they are centrally managed, controlled and looked at in that way. We are trying to take away the fragmented approach that exists today so that we have a more consistent approach. It means that we can target it from a central perspective to really understand the wider opportunities that are there.

Mr Cree: Will you be driving it and saying, "Look, guys, you should be doing this for here and that for there"?

Mr Wickens: Effectively, yes. We are working with our Departments to do that, yes.

Mr Cree: I always like the phraseology of "working with them", "preparatory work" and all those sorts of things. But you will actually be driving it.

Mr Wickens: Yes. I am the SRO for the project and so, ultimately, I am responsible for trying to get the savings out of that.

Mr Cree: Your head is on the block, then.

The Chairperson (Mr McKay): Paragraph 9 of the briefing paper states:

"The objective is to source asset related opportunities where capital can be invested to reduce ongoing revenue costs such as rental charges."

Does that indicate a shift away from renting government office accommodation to purchase?

Mr Wickens: Yes, it is very much the opposite of what was Leslie was saying. In the past, it was very much, "Let us sell off and lease back". Now we are saying, "Let us close down the leases and purchase". It is a good time to do that. It is still a reasonably depressed market, so there is an opportunity for us to get much more efficiency by moving towards a freehold estate and away from a leasehold estate. That is a very clear part of the strategy.

The Chairperson (Mr McKay): Can the Committee be provided with a copy of the work programme plan referred to in paragraph 12?

Mr Wickens: Yes, absolutely.

The Chairperson (Mr McKay): Paul and Jim, thanks very much.