

**Practitioner Guides for Property Asset Management**  
How to Write an Asset Management Plan



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**July 2009**

# Practitioner Guides for Property Asset Management

## How to Write an Asset Management Plan



Improvement and  
Efficiency  
**South East**  
Construction and  
Asset Management

### ***Practitioner Guides for Asset Management***

*The Practitioner Guides for Asset management are a series of 'how to' guides to property asset management. They provide adaptable templates for common tasks.*

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## INTRODUCTION

### What is IESE?

Improvement and Efficiency South East (IESE) is a partnership dedicated to helping local authorities and their partners achieve efficiency and improvement objectives, as set out in the South East Regional Improvement & Efficiency Strategy. It is dedicated to making a step change to the performance of local government in the region. It does this by:-

- Providing advice and support
- Disseminating 'Best Practice'
- Co-ordinating action which target areas of common concern or need
- Fostering an innovation culture
- Supporting the wider application of solutions which generate efficiency savings.

It does this across a range of strategic themes which are relevant to all its constituent member organisations. Hampshire County Council is the Lead Authority for Construction and Asset Management.

Further details can be found at [www.southeastiep.gov.uk](http://www.southeastiep.gov.uk)

### What is Asset Management?

Asset Management is concerned with *managing public property strategically so as to optimise its benefits for the community*. It is a strategic discipline, distinct from operational property management, which attempts to take a long term view of an organisation's property assets.

Asset Management challenges the size, nature and composition of an organisation's property portfolio in order to ensure that its assets are in the right location, fit for purpose, well maintained, cost effective to use over the long term and contributing to wider corporate or service objectives for an area.

### IESE and Asset Management

IESE has a significant capacity in asset management through its own team and outreach to partners/practitioners across the region. It is able to support organisations which may require:

- Advice or support on a specific area of concern
- Signposts to further help or 'best practice'
- Consultancy support on a specific initiative
- An opportunity to share innovative practice of their own.

It is dedicated to ensuring that assets are managed effectively and to contributing to efficiency savings. Savings are achieved through value enhancement and release, reductions in procurement or operating costs and mitigation of possible future liabilities, such as those arising from poor maintenance backlog.

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### About this Guide

This guide about ***How to write an Asset Management Plan*** is one of a series of guides covering property asset management written by practitioners for practitioners. Each guide concentrates on providing simple and practical guidance on how and why to do a specific task. The guides are not intended to stifle innovation or creativity but rather to provide a basic starting point which practitioners themselves can add to or modify. The guides are written by drawing on practical experience and real life case examples wherever possible.

### Intended Audience

This guide is targeted at those who have a lead responsibility for writing an Asset Management Plan within their own organisations, and anyone else who wishes to learn more about asset management.

### Structure of the Guide

The first section of this guide discusses the nature of an Asset Management Plan (AMP) identifying why it is important, how it links to wider 'best practice' in asset management and to the overall policy context in which asset management sits. The middle section presents the template for the basic structure and content of an AMP. The last section provides more detailed guidance for each part of the AMP document itself. Finally a handy AMP completion checklist is included, and some signposts to further guidance.

## OVERVIEW OF ASSET MANAGEMENT PLANS

### What are Asset Management Plans (AMPs)?

Asset management can be defined as 'optimising the utilisation of assets in terms of service benefits and financial return'. Asset management helps to raise awareness of resources invested in property assets and to develop strategies and actions to ensure they are deployed in the most effective way to meet an organisation's corporate and service objectives. An Asset Management Plan (AMP) is one key part of overall asset management planning processes which have the underlying purpose of achieving better use of public assets and minimising the opportunity cost of resources tied up in land and buildings. It is intended as a practical tool which helps define, implement and measure how an organisation:-

- Makes its investment decisions
- Maintains and improves its assets
- Increases the cost effectiveness and value of its portfolio
- Promotes innovation and development in asset management
- Listens and responds to property users.

### Why are AMPs important?

Asset management forms part of the Key Lines of Enquiry (KLOEs) for the Use of Resources component of the Comprehensive Area Assessment (CAA). AMPs therefore must be done for organisations aspiring to an 'excellent' status. AMPs should also be done to:

- Secure public sector efficiency savings as required by the Gershon and Lyons reviews - assets can be managed to reduce costs; to create and release value and to minimise liabilities.
- Improve services by doing more for less and working differently, with innovative asset solutions better able to support client needs for accessible, joined up services.
- Ensure best practice in asset management.

Increasingly a link is being made between asset management and the improvement in performance of local government. The CLG strategy for asset management (2008) identifies asset management as part of the National Improvement & Efficiency Strategy. The Royal Institute of Chartered Surveyors (RICS) in its series of guidance leaflets on asset management argues that effective asset management plays a major role in delivering better outcomes for citizens and in creating a sense of place. In its checklist for rating a council's approach to asset management, RICS specifically scrutinises the customer experience of using municipal buildings.

Public sector performance and confidence in public services are inextricably linked and property assets underpin this linkage. Physical infrastructure is essential for supporting the technology, business processes and cultural change required to raise a council's performance. This importance of physical infrastructure has been recognised for example by Government Minister Yvette Cooper writing in 'Re-inventing the Town Hall' she said

*'Shoddily, ill-conceived or run-down buildings lower the morale of everyone that has to use them and undermines confidence in our public services. Beautiful, open, efficient, long lasting*

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*public buildings, by contrast, have been shown not just to save on running costs, but to boost productivity and well-being’.*

This link between property, organisational health and effective local government services can be summarised succinctly as shown in the table below.

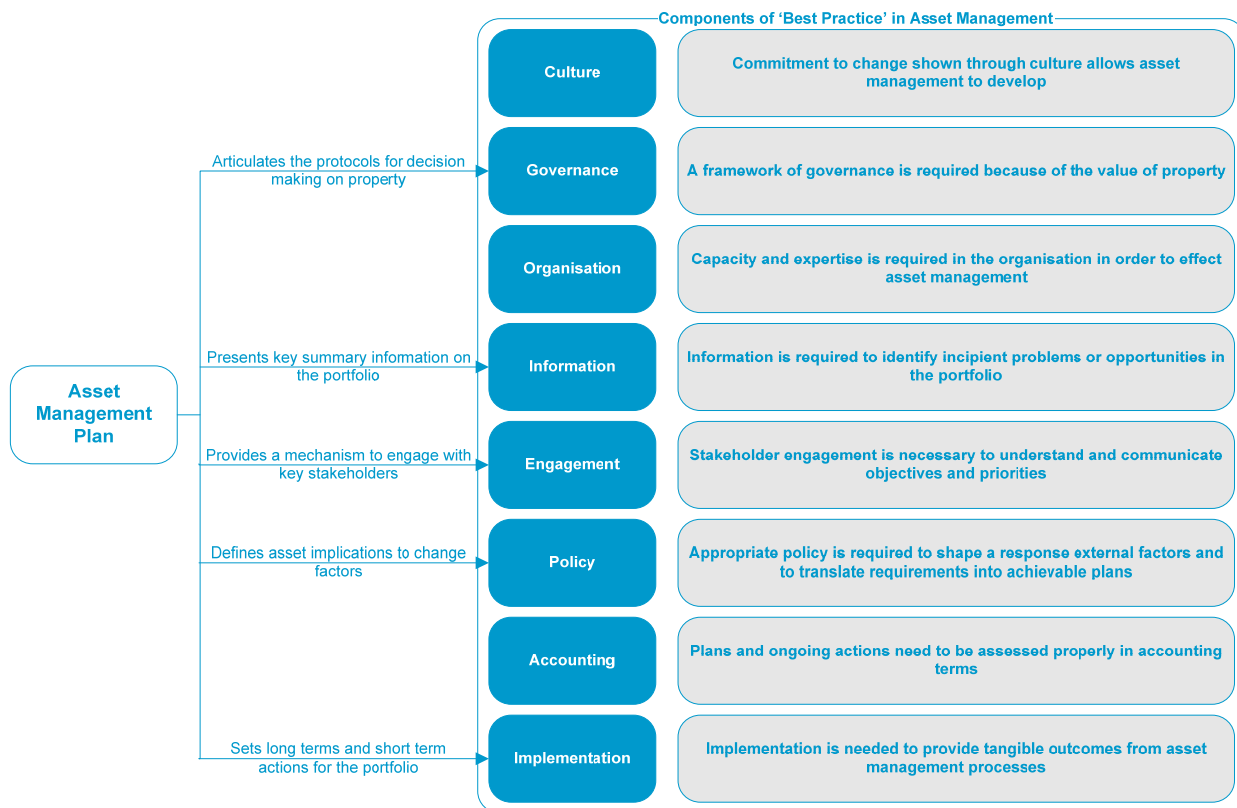
<b>Customer perception</b>	Public buildings engender confidence that an organisation is capable and professional and are a strong influence on customer's experience of interacting with the public sector
<b>Access to Services</b>	The physical location and design of buildings is an important determinant of accessibility
<b>Staff Issues</b>	A poor working environment can be de-motivating to staff and contribute to staff turnover; whilst conversely a good physical environment sends a message that staff matter
<b>Efficiency</b>	Under-investment in asset management and planning can lead to wasted space and higher costs, diverting resources from corporate and service priorities
<b>Community Regeneration</b>	Strategic management of investment through property can provide opportunity to facilitate and support regeneration initiatives

The link between organisational performance and asset management is shown in the table below.

<b>Ambition</b>	A transformational approach to property is evidence of a desire for radical change and service improvement. Asset management demonstrates commitment to delivering on a long-term ambition, rather than a focus on quick fixes
<b>Capacity</b>	As above capacity at a strategic level in managing its property portfolio is indicative of a similar capacity across the broad range of local government activities
<b>Performance Management</b>	Management of the asset base can support wider organisational performance management targets for service improvement through provision of better facilities, the release of capital and lower running costs
<b>Achievement</b>	Asset management involves setting and meeting key targets which underpin the councils priorities for the communities they serve
<b>Investment</b>	Asset management involves re-cycling assets (through releasing value) and identifying new funding opportunities

## The links with wider Asset Management best practice

There is a plethora of best practice guidance for asset management which practitioners are expected to embrace and adhere to. A well written AMP can provide a mechanism to demonstrate an organisation's consistency with this guidance and this indeed can be seen as one of its primary purposes. The diagram below illustrates the linkage of an AMP to the key components which underlie published 'Best Practice' guidance.



## Links between Area, Corporate and Service AMPs

Whilst Area, Corporate and Service AMPs can be written and considered in isolation there is strong linkage between them. The Corporate AMP is written for a whole organisation and considers its whole portfolio, whereas a service AMP is related to a sub division of an organisation and hence a sub-division of its portfolio. The Corporate AMP should provide a broad over-arching framework within which Service AMPs can be developed. A service AMP should be both informed by and inform the Corporate AMP.

An area AMP is written for several organisations that have property in the same area and common objectives. Whilst a more strategic document in nature it too should be informed by the Corporate AMPs of the participating organisations and set a broad framework within which these Corporate AMPs can be developed.

There is a judgement to be made about how many AMPs are required and how often they should be written. There is a risk that many AMPs written to cover many organisations in a single area, a single organisation and sub-divisions of an organisation; may cause some confusion. Direction on this is not possible because it is dependent on local circumstances such as the number of organisations (in an area) the size of the organisations and the size of the portfolios. The table below provides a simple summary of the characteristics of Area, Corporate and Service AMPs.

Type of Plan	Focus, Scope & Level of Detail	Linkage
Area AMP	Across organisations and for a defined geographic area involving several organisations with a common purpose. Will tend to identify issues and actions for specific locations or types of assets	Shared strategies (e.g. Community Plan) Local Strategic Partnerships
Corporate AMP	For the whole portfolio of a single organisation. Will tend to identify issues and actions at a whole or sub-portfolio level rather than for individual assets	Corporate Plan Service Strategies
Service AMP	For part of the portfolio related to a service division within a single organisation. Will tend to identify issues and actions at an individual asset level	Individual service strategies

### The Scope of an Asset Management Plan

For Area AMPs the plan should include all the properties for all the organisations who have agreed to collaborate within the scope of a defined geographic area. It should be intended that the whole of an organisation's portfolio (excluding superannuation fund properties) should be included within the scope of the corporate and service AMPs. The strategies should be produced annually but with a five year planning horizon, and need to be related to discrete areas of service activity. It may be helpful to have a section which looks further ahead – say over 10 years - to articulate how services may change over this longer period.

### Development Process and Timetable

The development process and timetable might vary according to which type of asset management plan is being produced. For Area AMPs it is recommended that one organisation takes a lead on behalf of others. This is intended as a pragmatic approach recognising that different organisations will have differing levels of capacity in asset management; but it is acknowledged that this may not suit all situations. The lead organisation would then have the responsibility to engage with others to ensure the plan that emerges reflects the needs and views of all organisations within the area. The Corporate AMP should be produced under the direction of the Corporate Property Officer; whilst for Service AMPs it is recommended that the lead responsibility lies with service divisions, but working with the direction and support of the central property team.

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It is recognised that the development process in each case is an iterative one and the philosophy should be to *start simple and stay simple* but with the intention to improve the plan (in terms of format, content and detail) over time. Service AMPs need to be aligned to the annual service and business planning cycle (as they should reflect the objectives and priorities stated in these) and co-ordinated internally so that they can inform the Corporate AMP which would normally be refreshed on an annual basis. The Corporate AMP itself should be aligned to the organisation's wider planning and budgeting cycle. As a cross-organisational plan an Area AMP need not necessarily conform to the cycle of any one individual organisation but given that typically organisations review and set budgets on a similar basis this provides a natural planning cycle to which most organisations can respond.

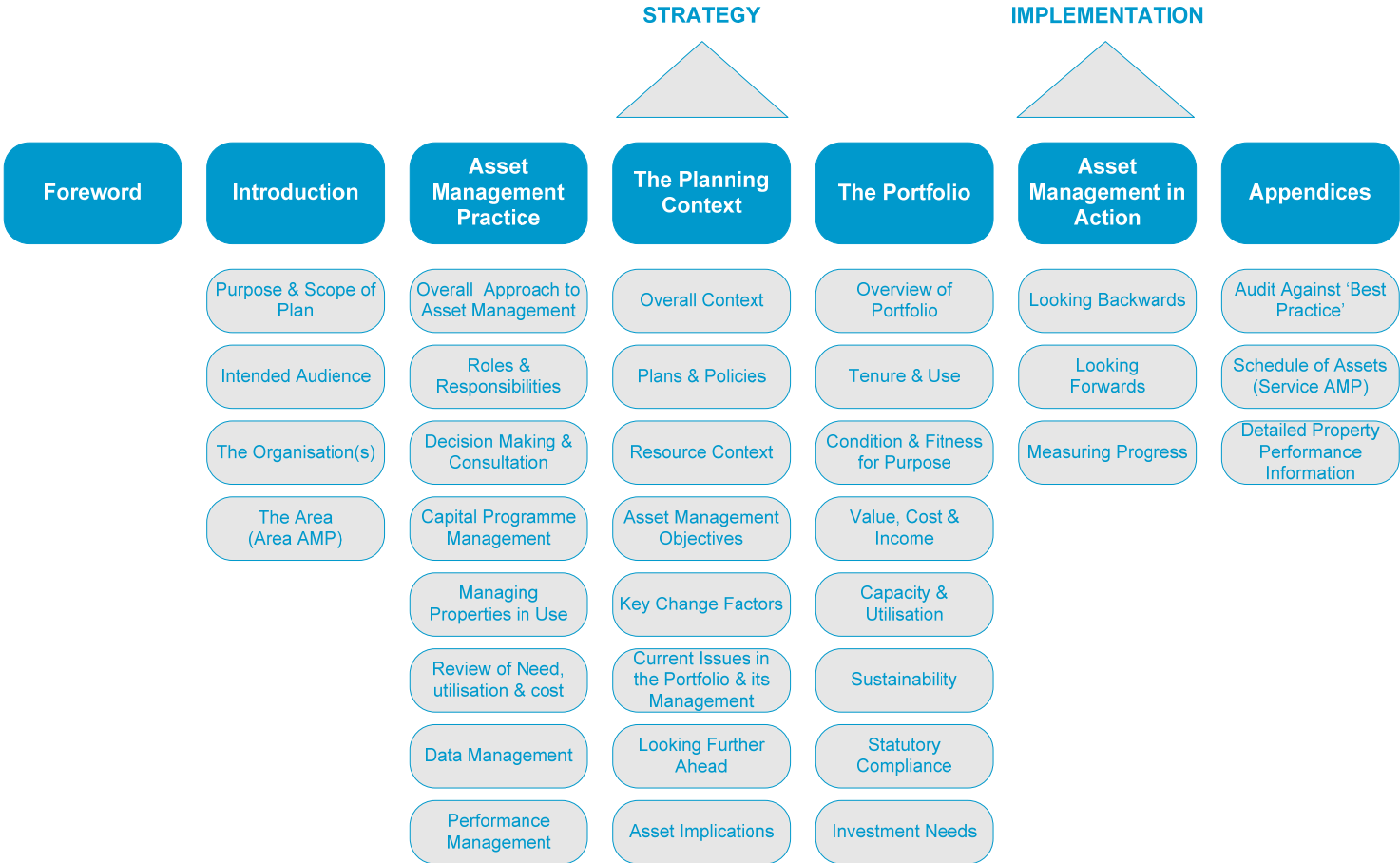
### The AMP Template

The AMP Template included with this guide provides a basic AMP outline which can be amended to meet specific individual needs. The template borrows heavily from published 'best practice' guidance and actual AMP documents. It is designed to provide a simple framework which is easy to use and understand. Each of the sections are discussed in greater detail though the Section by Section Guidance as part of this document. It is not intended to be seen as a recommended structure or a rigid format and organisations may choose to add or omit sections as their own circumstances demand.

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### The AMP Template



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SECTION	PURPOSE	GUIDE LENGTH	
<b>Foreword</b>	This is a simple introduction to the AMP which briefly summarises its purpose; the key issues and the proposed response to these. Ideally it should be endorsed by the senior member with lead responsibility for asset management.	1 page	
<b>Introduction</b>	This section is intended to position the AMP in readers' minds by describing its relevance to the wider planning framework within which it sits; and to outline what is covered and what is not. It should be explicit about the purpose of the document and its intended audience.	2-3 pages	
<b>Asset Management Practice</b>	This section is intended to explain in some depth current processes in asset management. As well as documenting what is being done and how; it important to identify future intentions in terms of improving asset management processes.	4-6 pages	
<b>The Planning Context</b>	This is the analytical section of the AMP which identifies the change factors influencing the portfolio and articulates the broad direction of the response to these changes. It should be written from a strategic perspective concentrating on the portfolio as a whole or sub-sets of it.	3-4 Pages	<b>17-25 pages in total</b>
<b>The Portfolio</b>	This section is intended to raise awareness of the nature of the portfolio for key decision makers. It is only through understanding the portfolio that incipient problems and issues can be identified and an appropriate response defined.	4-6 pages	
<b>Asset Management in Action</b>	This section has an emphasis on implementation and provides the focus on intended action. It is a key part of the AMP as it identifies what has been done; what will be done and how progress over time will be measured.	3-5 pages	
<b>Appendices</b>	This allows further supplementary details to be provided. It may be useful to amplify specific parts of the AMP, to include reference material, detailed performance information or a schedule of properties.	As required	

## **SECTION BY SECTION GUIDANCE**

The following pages provide guidance on a section by section basis to assist with the writing of an AMP. The guidance follows the structure presented in the template shown on the proceeding page.

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## FOREWORD

The foreword provides a simple mechanism to introduce the AMP. It should briefly summarise the purpose of the document, the key issues in asset management and the proposed response to these. Ideally it should be endorsed by a senior politician, such as the Leader of the Council, or the member with a lead responsibility for asset management; or a senior officer, such as the Chief Executive (or both). This provides an opportunity to engage with them on asset management and adds to the status of the document. The foreword should be written in a succinct and punchy style and be seen as a statement of commitment to asset management and also as an intention to action. A half to two thirds of a single page should be sufficient; it shouldn't be longer than a single page.

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## SECTION 1 - INTRODUCTION

This section is intended to relate the AMP to the wider planning framework and to outline what is covered and what is not. Again, it should be a fairly brief part of the document but it does need to be explicit about the purpose of the document and its intended audience.

### Purpose & Scope of Plan

A brief summary of the overall purpose of the plan and its scope should be provided. The scope should identify the planning horizon, the properties included or excluded and in the case of an Area AMP the geographical area covered and the organisations involved. This section serves as the basic overall context for the AMP and should therefore be as succinct and explicit as possible.

The intention for an AMP is to look ahead and where possible it should take a medium term perspective on the portfolio. A 5 year period is probably more appropriate than a single year. In some cases periods in excess of 5 years may be relevant and it may also be appropriate to articulate a long term vision of say 5 to 10 years at a high level with more immediate short term actions for the next 1 or 2 years in more detail.

### Intended Audience

The intended audience for the AMP should be identified. Engagement with appropriate stakeholders is important in order to underpin asset management processes and to ensure that the plan is understood and agreed. The range and type of stakeholders to the AMP is likely to be wide as illustrated in the adjoining panel.

#### Possible target audience for an AMP

- Key decision makers (Members and Chief Officers)
- Heads of Policy & Service Units
- Corporate functions such as Finance, IT and HR
- Building users such as occupiers and visitors
- Clients including both business & the public
- Other public sector agencies
- The wider private & business community

Ensuring engagement of all these stakeholders can be problematic but the explicit identification of the intended audience within the AMP can help in this process. It is not sufficient just to identify the intended audience, it is also important to clarify their role in relation to the AMP.

### The Organisation(s)

It maybe helpful for external readers of the AMP to provide some brief contextual information about the organisation or organisations to which the AMP relates. For an Area AMP the participating organisations should be identified with a brief description of their functions. The relationships between the organisations should be clarified along with any common policies and objectives. Some illustrative volumes / values of activities should be provided to illustrate the organisations concerned or the area within the scope of the AMP. For a Corporate AMP a brief description of the purpose and functions of



the organisation should be provided along with some volumes / values of activities to illustrate the range of activities of the organisation. For a Service AMP a brief description of the purpose and functions of each of the services should be provided with volumes / values of activities to illustrate the range of activities under each service area.

### **The Area**

The section is likely to be primarily relevant to an Area AMP but can also be useful within context a Corporate AMP, especially for an external reader of the document. The intention should be to provide a brief pen picture of the area identifying its key characteristics and any specific challenges it may be facing. It would be helpful to include a map of the area to identify the principal settlements and the broad context.

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## SECTION 2 – ASSET MANAGEMENT PRACTICE

### Overall Approach to Asset Management

This section will provide an overview of the organisation's approach to asset management as an introduction to the more detailed commentary on practice which follows. It should describe the organisational positioning of asset management, whether services are provided in-house or from external providers, identify how strategic rather than operational aspects of property are considered and identify any agreed management objectives for property.

### Roles and Responsibilities

This section should identify and describe the key individuals and groups involved in asset management and their respective roles and responsibilities. It should identify how senior politicians and senior corporate and service officers are engaged; whether there are senior decision making groups focused on the strategic aspects of asset management, as well as the organisational arrangements for more day to day decision making on property matters. The emphasis of this section should be concerned with describing the processes which ensure active cross-organisational engagement on asset management and how key decisions are made.

### Decision Making and Consultation

Decision making processes and mechanism for promoting consultation on asset management matters should be described. If any of these processes are formally documented, perhaps as part of the council's constitution, then reference should be made to these and if appropriate the details can be included as part of the appendices to the AMP. A list of those who are consulted on asset management and how they are consulted could be usefully provided. How consultation on asset management links with wider consultation activities on corporate or service priorities should also be explained. A key part of this section should describe how members at all levels are engaged in asset management. Existing member groups which consider asset management should be identified and it may be helpful to explicitly define the role of the lead member for asset management.

#### Possible consultation on asset management

- Members – approval of AMP / decision making on investment
- Service Managers – AMP concepts / planned actions
- Corporate Property Board – strategic direction
- Service Property board – issues in / actions to their portfolio
- Users & Occupiers – to assess satisfaction with buildings
- Retained Property Consultants – on intended actions

### Capital Programme Management

How the capital programme is developed, agreed and monitored should be described. Particular emphasis should be placed on describing the process for prioritising investment and how this links back to overall organisational priorities. Reference should be made to the processes for presenting and determining bids for capital, any formal decision making groups for the capital programme and the



mechanisms to monitor the capital programme throughout the year. The use of optional appraisal and whole-life costing techniques should be described.

### Managing Properties in Use

Existing arrangements for properties in use should be described identifying who is responsible for what. It might be helpful to present this in a table defining the roles and responsibilities of different people, (such as officers in charge of individual buildings and service managers) or the activities (such as how maintenance issues and cost management are handled). There is a potential risk of making this section too long if every aspect of the daily use of properties is covered, so content and presentation should be considered carefully. Bear in mind the intended audience and consider areas which may cause possible confusion within the organisation.

### Review of Need, Utilisation and Cost

At the heart of best practice in asset management is challenging how effectively property is being used. This section should articulate the mechanisms used to challenge the retention of assets and to question their performance in terms of utilisation and cost. If there is a team which focuses on review, this should be identified, as should any published criteria used to assess whether to retain or divest of property. It would be helpful to describe any review processes which exist, how they are organised, their frequency and focus. The narrative should attempt to explain how the individual issues of need, utilisation and cost are addressed and how this relates to invest or divest decisions on individual property assets. It may be helpful to include a diagram in this section to illustrate the challenge criteria used and how these contribute to decisions and actions.

#### Possible criteria for invest / divest decisions

- Meeting corporate & service objectives
- Performance (e.g. running cost performance)
- Fitness for purpose (function suitability)
- Liabilities (arising from condition or statutory compliance)
- Location and accessibility
- Capacity & utilisation
- Commerciality (development opportunity)

### Data Management

This section should contain a brief, but comprehensive summary of the organisation's approach to data management. It should include a summary of what data is currently held and data collection priorities for the future. It should also identify the principal information systems used to hold data and discuss the organisational arrangements for the maintenance of data, access to data and operation of IT systems. A commentary on the quality of data (currency, accuracy and completeness) of asset data should be provided along with any procedures to ensure data quality. It may be helpful to illustrate the scope of data held with a diagram.

For an Area AMP it would be help to look at data management across organisations to compare the quality of information and provide a commentary on how well this can support a collaborative approach to asset management.

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## Performance Management

The section should describe the overall approach to measuring performance of both the portfolio and related property professional services. It should describe the framework adopted, identifying what is measured and how. Reference should be made to any national performance indicators used and also to any local performance indicators that have been developed. Where an organisation undertakes any comparative analysis with other organisations this should be identified. Sometimes it can assist understanding if the framework is presented in diagrammatic form to supplement the written narrative text.

It is important that the framework presented and used has a rounded set of property performance indicators (pPis) so that the varying perspectives of property (financial, physical and functional) are measured. A commentary on how the performance data is used to inform decision making and improve performance should be included. Where they exist, the setting and use of targets should be identified, for external inspection purposes such as the CAA.

This section should be restricted to describing the overall approach to performance measurement with the actual performance data itself presented in the section on 'Measuring Performance' and also possibly through the use of an appendix which contains detailed pPis data.

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## SECTION 3 – THE PLANNING CONTEXT

This section is intended to identify the broad strategic context within which asset management is operating and from this identify the key change factors likely to impact on the portfolio and the appropriate response to these pressures. It should be seen as the essential analytical part of the AMP identifying what needs to be done in terms of overall portfolio management and why.

### Overall Context

This section is essentially a preamble to the sections which follow. It may be helpful to reflect briefly through this section on the overall policy and resource context at a national level which is shaping public service delivery and thus asset management. For example it may be relevant to highlight any recent legislation or policy initiatives which provide some broad context to which the organisation needs to respond.

### Plans and Policies

This section should provide a summary of how the AMP fits into wider planning processes of the organisation or in the case of Area AMPs the area. This can often be best illustrated diagrammatically. The relative priority of these plans and their linkages should be identified and a brief description of how the AMP supports these provided. How they are linked in production timing could usefully be identified.

#### Possible linkages with other plans

- The Community Vision
- Local Strategic Partnerships
- The council's financial strategy and annual budget
- Corporate plan
- Annual performance report
- Key service strategies
- Planning policies (Regional Spatial Strategy & LDF)
- Operating business plans
- Team & Individual action plans

There is a risk that this could be complicated given the plethora of plans any organisation contributes to. The essence of this section should therefore be to highlight the linkage of the AMP to the key plans only

### Resource Context

The overall financial context for the AMP should be identified including any individual and collective financial pressures and targets. Reference to both capital and revenue budget pressures should be made. Any specific targets set for property assets in terms of running costs savings, income, and capital spend or release should be identified at a high level. It is important to bear in mind that this section is intended to provide a broad overall context.

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## Asset Management Policy & Objectives

This section should be used to identify any specific on-going management objectives for the portfolio and property services. These should be strategic objectives which can exist over the long term, rather than simply actions and targets. The linkage of these to the organisation's wider corporate objectives or defined community aspirations should be identified.

## Key Change Factors

Identify the key change factors that may impact on the area, the organisation(s) or on service delivery. The range and nature of these factors can vary widely. The factors can be presented in simple list form, in narrative form or categorised in the form of a PEST (political, economic, socio-demographic & technological) analysis or in some other way which allows the factors to be easily understood.

### Possible change factors with asset implications

- Changes in government policy
- New or revised legislation
- Demographic changes
- Changing service delivery models
- Local political priorities
- Local development pressures (e.g. housing growth)
- Funding programme / grants
- Changes in demand for services

The emphasis should be to highlight the key change factors rather than all change factors and to identify these in a brief, explicit form.

## Current Issues in the Portfolio and its Management

This section provides an opportunity to raise key issues in the portfolio or its management over and above those identified from a corporate or service perspective in the sections above. It should be seen as the asset manager raising issues from an asset management perspective which may not be otherwise recognised. It should be kept brief and restricted to a small number of issues which need to be identified.

## Looking Further Ahead

This section should perhaps be considered optional and is intended to encourage a longer term perspective for the portfolio. A brief summary providing a perspective on the likely long term change factors should be given. This may be articulated as a 'think piece' to encourage debate over future direction in asset management or may anticipate longer term socio-demographic factors or policy initiatives that may lead to a rise or fall in the demand for services or a change in the nature of their provision. It may also highlight emerging issues for which there has been no policy response developed. The time horizon should look ahead 10 to 20 years.

Whilst such a section is not critical to an AMP and not normally identified as part of best practice, it has the benefit in that it can be used to surface incipient issues which will need consideration in the

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future and for which there is currently no defined organisational response. It also has the advantage of allowing radical proposals to be surfaced and debated as part of the AMP.

### Asset Implications

This section draws together all the aspects identified in the preceding sections and seeks to identify and summarise what they mean in terms of their impact on the portfolio and the asset management response. In the case of an Area or Corporate AMP this should be articulated as a set of broad themes around which action and resources can be co-ordinated. It should tend to concentrate on actions at a whole portfolio or sub-portfolio level rather than identifying individual buildings. In the case of a Service AMP it may also identify actions relation to specific individual buildings.

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## SECTION 4 – THE PORTFOLIO

The overall purpose of this section is to provide a good understanding of the portfolio(s). It is only through an understanding of the portfolio that incipient problems and issues can be identified and that an appropriate response to these defined. This section also helps to educate senior decision makers about the nature of the portfolio and over time can provide a useful mechanism for understanding how the portfolio has changed.

### Overview of Portfolio

This section should act as a brief introduction to the following more detailed sections by providing a simple summary analysis of the key dimensions of the portfolio. The intention is to indicate the broad scale and nature of the portfolio which is then amplified with more detail in the following sections.

#### What information might be presented

- Total number of assets & floor-space
- Total asset value
- Total overall running costs
- Total income from lettings
- Total repair backlog
- Overall tenure mix in percentage terms
- Distribution of asset base by geographic area

For an Area AMP it might be helpful to provide a summary of each individual organisation's portfolio as well as collectively. For a Service AMP in addition to the information presented in this section it would be helpful to provide a schedule of all assets with comprehensive data at an individual asset level as an appendix.

### Tenure and Use

It would be helpful to provide some summary information to illustrate the tenure pattern (freehold / leasehold mix) and property use across the portfolio(s). This can be presented in various ways – visually through graphics or in tabular form. It may be helpful to add some narrative to explain the data or to identify the policy context – if, for example, there is a presumption in favour of freehold tenure. In some cases it may be appropriate to show the tenure mix for sub-sets of the portfolio. For example, the office portfolio may have a different tenure mix to that of the wider portfolio.

#### What information might be presented

- Freehold / leasehold split for whole portfolio
- Freehold / leasehold split for office portfolio
- Leases taken / granted over last 12 months
- Number of assets by type (e.g. operational, surplus etc.)
- Number of assets by use categories
- % of portfolio by occupying departments
- Long term (10 yea) change trend in tenure

For an Area AMP this could be presented on an individual organisation basis or collectively

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## Condition and Fitness for Purpose

The condition of the portfolio and the maintenance backlog liability should be identified. This can be presented in terms of condition category and priority for the whole portfolio and subsets of it. It may be useful to identify the number of assets which have been subject to a recent condition survey.

### What information might be presented

- % of floor-space / assets in condition categories
- Quantification of backlog by condition priority
- Quantification of backlog by occupying department
- % of maintenance spend by planned or reactive
- Number of condition surveys over last 5 years
- Age profile of assets

A commentary on the currency and accuracy of the data plus the survey process may also be identified. The condition backlog is a key area of information identified through 'Best Practice' guidance and through the external inspection processes for the 'Use of Resources'; it is therefore appropriate to extend this section so that it provides a comprehensive view of the overall maintenance backlog

A summary of the portfolio's overall 'fitness for purpose', as revealed through suitability surveys, should be identified. There are a variety of alternative approaches to suitability assessments and so in an Area AMP it may difficult to provide an overall analysis. A commentary on assessment process should also be provided.

### What information might be presented

- % of floor-space / assets in suitability categories
- Suitability assessment by occupying department
- Number of suitability surveys over last 5 years

Assessing the suitability of individual property assets is also recommended as part of best practice as there is an implied invest / divest decision for buildings which are not fit for purpose. Thought needs to be given to how suitability assessments are undertaken and information presented should be easy to understand. It may be appropriate to present a summary analysis through the AMP with the detail underpinning individual suitability assessments retained elsewhere.

## Value, Cost and Income

Ultimately assets have value and incur cost from their use. It is important therefore to highlight this financial perspective of the portfolio. Where basic financial information is available this should be presented in summary form to illustrate to decision makers this often 'hidden' aspect of the portfolio.

### What information might be presented

- Total asset value of property
- Asset value by occupying departments
- Total annual running costs
- Annual running costs by cost element
- Total running cost trends over 5 years
- Total gross rental income from lettings



It is often helpful to present such financial dimensions relative to the organisations overall annual revenue spend as this provides a simple illustration, in the terms of cost at least, what percentage of resources property assets are consuming.

### Capacity and Utilisation

It may be helpful to have a brief section which highlights the sufficiency (overall capacity) of the portfolio and its utilisation. This section therefore briefly describes how much space there is (against need) and how well this space is used. This type of information may be more appropriate at an individual building level and included within a Service AMP, but could also be presented for categories of property.

### Efficiency and Sustainability

This section needs to explain the range of initiatives being embraced by organisation to promote sustainability. These initiatives may vary widely and each organisation may want to concentrate on its own approach and where it has targeted effort. The carbon footprint of the portfolio and any associated targets should be identified.

### Statutory Compliance

The portfolio has to meet certain statutory requirements which should be a priority for action. It is worthwhile drawing these to the attention of decision makers through the AMP. It may be best presented as % of the portfolio which is compliant or as the number of surveys or value of remedial work undertaken over a five year period

#### Possible statutory obligations for the portfolio

- Asbestos surveys and an asset register
- Compliance with Disability Discrimination Act
- Legionella surveys
- Health & safety incidents

### Investment Needs

The information on the portfolio revealed through the above sections points to an overall investment need. It may therefore be possible to identify an indicative overall investment need to ensure that the portfolio meets all legal obligations, is fit for purpose and is in a reasonable state of repair. It may even be possible to specifically quantify these investment needs. If so it is perhaps best to identify them in a tabular form so that the investment needs arising from condition, fitness for purpose, legislative requirements are able to be seen separately.



## SECTION 5 – ASSET MANAGEMENT IN ACTION

This section is intended to articulate current asset management policy and practice with the emphasis on implementation. This in many ways is the key part of an AMP as it identifies what has been done and what will be done. It should also highlight how progress over time is intended to be measured.

### Looking Backwards

Whilst the main thrust of the AMP and this section in particular is to identify future actions it is worthwhile highlighting key achievements from the preceding year. These can be presented as a series of key actions achieved over the preceding 12 months. The achievements identified need to be selected to demonstrate the diversity of activities undertaken, it may include a mix of actions – some of which are related to asset management practice and others to specific projects. There are various styles of presentation which include simple lists or tables reflecting back on actions from a previous AMP. One simple presentation device is a traffic light notation to indicate achievement, partial achievement or non achievement of identified actions from the previous AMP.

### Looking Forwards

This section needs to provide a summary of actions and targets for the portfolio and its management over both the short and longer term. There are a variety of different ways such actions could be presented but the clear requirement is for clarity and ease of understanding. It may be appropriate to identify the responsible manager(s) for each action; to define the intended completion date and to highlight any agreed targets. It is important not to identify too many actions within an Area AMP or a Corporate AMP or to relate actions to individual buildings as these will tend to be more strategic documents. Conversely it would be more relevant and helpful to identify actions at an individual building level within a Service AMP.

One simple presentation device may be to categorise actions according to the key themes defined as the asset management response to the change factors identified in the section on Planning Context. This then provides a coherent thread from analysis through to response.

### Measuring Progress

It is important to include a section in the AMP which is focused on measuring performance in asset management – that is performance of the portfolio as a collection of assets and of the delivery of property services. Performance measurement is a key component of the external inspection process for CPA and CAA.

#### Performance measurement issues to be covered

- The performance measurement framework use
- Current and trend data on national pPIs
- Current and trend data for any local pPIs
- Progress against asset management targets
- Analysis of what the performance data implies

# Practitioner Guides for Property Asset Management

## How to Write an Asset Management Plan



Whilst 'Best Practice' guidance often identifies the need for a separate performance report the AMP also provides an appropriate place to report on performance and its positioning within the AMP has the benefit of linking it more directly with other aspects of asset management planning. There is a risk that too many performance measures are developed and so the framework presented should be simple, easy to understand and concentrated on a sub-set of key measures relevant to the organisation. It is important to identify and agree long term performance targets for the portfolio. The AMP provides a mechanism to identify and secure agreement on these on an incremental basis through successive plans.

Presenting raw performance data is not sufficient. There should be some analysis of its meaning and recommended action. Emphasis should therefore be placed on providing a narrative of what the data means as much as in simple reporting of performance indicators. There is no simple, single measure of effectiveness in asset management outcomes and so an approach is required which identifies a set of measures which give a rounded perspective of the portfolio; from a financial, physical and functional perspective.

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## APPENDICES

The number and type of appendices will vary according to the type of AMP produced and the level of detail within the main body of the report. Some examples of what might be considered for inclusion are shown in the panel below.

### Possible contents of appendices

- Schedule of assets with basic/performance data (Service AMP)
- Audit against 'best practice' or KLOEs for asset management
- Detailed performance data for national and local pPIs
- List of relevant documents which underpin asset management
- Protocols which amplify processes identified with the AMP

## A 'CHECKLIST' FOR WRITING AN ASSET MANAGEMENT PLAN

The checklist below is intended as a simple mechanism to review your AMP during its development and completion. It provides a simple checklist of the key points to be addressed through an AMP.

### Foreword

Is there a foreword endorsed by a senior member or officer?

### Introduction

Is there an explanation of the purpose of the AMP?

Has the scope of the AMP (in terms of area and / or assets) been defined?

Has the planning horizon for the AMP been defined?

Is the intended audience (who and why) for the AMP identified?

Has a pen picture of the organisation or organisations been provided?

Is there a pen picture of the area to which the AMP relates? (Area AMP only)

Is a simple overall summary of the approach to asset management provided?

### Asset Management Practice

Has the lead role on asset management been identified?

Have any cross-organisational decision making groups been identified?

Has the role of members on asset management been described?

Have key decision making processes on property matters been described?

Have the mechanisms for consulting on asset management been described?

Have those who are consulted on the AMP (and why) been identified?

Is there a description of the process for developing the capital programme?

Is the mechanism for determining investment priorities explained?

Are arrangements for review the programme and individual projects explained?

Is how option appraisal and whole life costing used explained?

Are day to day arrangements / responsibilities for managing properties explained?

Are processes for reviewing property & challenging their retention described?

- Are the criteria used in such review processes identified?
- Is there an explanation of what data is collected / maintained?
- Are data collection priorities identified?
- Are the information systems used identified and described?
- Is there a commentary on data quality (currency, accuracy and completeness)?
- Is there explanation of how data is used to inform actions / decisions?
- Is the approach to measuring performance of the portfolio described?
- Is the use of national and local pPIS described?
- Is how performance targets are set and monitored explained?

#### The Planning Context

- Is the linkage of the AMP to other plans and policies described?
- Is the overall financial position and its implications on asset management defined?
- Are any on-going management objectives identified and explained?
- Are the key change factors impacting on the organisation identified?
- Are any current issues / problems in the portfolio & its management identified?
- Are longer term influences on the organisation identified?
- Have the asset implications of the change factors been identified & described?

#### The Portfolio

- Are broad overall dimensions portfolio provided to quantify the portfolio?
- Is the tenure mix and use of property shown?
- Is data on the condition of the portfolio and repair backlog provided?
- Is the 'fitness for purpose' (suitability) of the portfolio shown?
- Is the value of the portfolio, the cost of using it & any income generated shown?
- Is the amount of space and how well it is used shown?
- Is the carbon footprint of the portfolio shown & sustainability initiatives described?

Is information on statutory compliance shown?

Are the investment needs of the portfolio summarised?

**Asset Management in Action**

Has consistency of practice with KLOEs for Use of Resources been demonstrated?

Have key achievements and progress in asset management been described?

Have specific actions and targets been defined through the AMP?

Are these actions and targets structured in an easy to understand way?

Are the resource implications (if any) of the actions identified?

Is how the performance of asset management measured explained?

Are key performance parameters and trends revealed?

## SIGNPOSTS TO FURTHER GUIDANCE

**Audit Commission (2009).** *Room for Improvement.* Strategic asset management in local government

**OGC Office of Government Commerce (2008).** Property Asset Management Planning Guidance.  
How to write a Property Asset Management (PAM) Plan

**AUDIT COMMISSION (2000)** *Hot Property: Getting the Best from Local Authority Assets.* Audit Commission, HMSO, London

**AUDIT COMMISSION IN WALES (2005)** *Asset Management Plans.* Audit Commission in Wales February 2005

**CLAW (2001).** *A Guidance Asset Management Planning in Wales.* Consortium Local Authority Wales

**DETR (2000)** *Asset Management of Local Authority Land and Buildings – Good Practice Guidelines.* DETR. March 2000

**GOVERNMENT OF VICTORIA (1995)** *The Asset Management Series.* Guidance on Asset Management prepared by the Victorian Government as part of the Management Improvement Initiative, November 1995

**MALE, S. (2006)** *Improving Property Asset Management in the Central Government Estate*

**OGC Office of Government Commerce (2007)** High Performing Property. Routemap to Asset Management Excellence. Office of Government Commerce

**RICS (2004).** *Asset Management in Local Government: Guidelines.* Royal Institute of Chartered Surveyors November 2004

Examples of Asset Management Plans are held on the IPF Asset Management Planning Network Site at <http://www.cipfaproperty.net/ampnetwork>

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