

Slide 1: WELCOMING REMARKS

Good afternoon Ladies & Gentlemen and welcome to this Asset Management and Supply Chain Partnering event here in courtroom 38 at the Royal Courts of Justice.

My name is Alan Sloan and I am the Operations Director for HMCS Estates.

The title of today's seminar is **Collaborating through standards**

HMCS, in conjunction with a wide range of private sector firms, many of which are here today, operates one of the largest estates in central government. We recognise the importance of co-ordinating the activities of our supply chain around a common specification and the benefits of continually improving our business processes.

We are pleased that a requirement for a cross-sector Industry Standard is included as a critical milestone in OGC's draft routemap. We are also pleased to be working with OGC and other departments at the early stages of a project to develop such a standard.

In order to make this project succeed, HMCS wishes to work with its suppliers to develop the industry standard through consensus

The purpose of this seminar is to make our supply chain partners aware of this project and encourage you to take part.

Slide 2: PRESENTATION BY SIR MICHAEL LYONS (2006)

Some of this slide show may be familiar as it was used by Sir Michael Lyons at the first project event at Somerset House in July 2005 and again at the CBI/OPD Property in Business Conference in February 2006 but it usefully sets the context in which we are working and what we are working towards

In 2004 Sir Michael Lyons delivered his review of public sector asset management, to enhance our management of our public assets. His recommendations form an integral part of the current CSR which will contain a particular focus on the condition and management of the current asset stock as a basis for resourceful investment choices across Government. This means a more strategic approach to capital investment, with a greater focus on effective management. The Chief Secretary expects strategically important assets be identified and efficiently and effectively deployed, and the surplus disposed of to release capital and efficiency savings. There is a commitment to the disposal of some £30bn of public assets by 2010 to recycle the proceeds into priority policy areas.

Slide 3: PUTTING FIGURES TO THE SITUATION

Idea of the amount at stake / plenty to go for etc

Significance of property as a major cost to business in the public and private sectors second only to staff costs

As I mentioned a moment ago the Government has set a target of £30 billion asset disposals by 2010.

In the private sector, Roger Bootle's report to the RICS in 2002 estimated a possible 13% increase in gross profit, savings of £18 billion per year through better asset management

Lyons and Bootle each provide evidence of need for improved ways to manage property – need for practical approaches to achieve predicted savings

The principal recommendation of both reports is that property management must be combined with an organisation's strategic objectives. For this reason the standard will be written not only for property practitioners but also for business managers; it will focus on the ability of buildings and facilities to affect business outcomes, bridging the conventional gap between property management and business administration.

Slide 4: PUBLIC - PRIVATE PARTNERSHIP

Asset management is a general approach – the same principles apply to both public and private sectors

The private sector plays an essential part in the creation, operation and disposal of public sector property assets.

It is directly involved in a range of supporting activities including finance, construction, facilities management, project management, risk allocation and the innovation of improved products, services and systems.

Many of HMCS activities are carried out under strategic partnering arrangements between the department and the private sector, such as

PFI schemes

PDS schemes

FM contracts

Framework contracts

Slide 5: FOCUS OF THE STANDARD

Standard will be written for Senior Executives and business managers, as well as property practitioners

Recommendation of Lyons Review that asset management plans are the responsibility of finance directors and considered at board level.

Sir Michael Lyons' has commented on the standards:

Ambitious - the book value of the asset base covered by the standard exceeds £1000 million or £1trillion

Bold - the standard aims to align property management with corporate strategy and to position property as a key enabler of business

Cross-disciplinary - the standard relies on a multi-skilled approach that is not confined to any single professional discipline

Cross-sector - combines public and private sector interests, requiring a joint working approach

Specific - the standard is grounded in a requirement for measuring performance using targets, metrics and accountable objectives

Holistic - the standard aims to fulfil organisations long term, strategic objectives and yield short-term benefits at the same time

Slide 6: CROSS-DISCIPLINARY

Producing the standard

Variety of disciplines represented by delegates etc

Make up of the framework project board – range of institutes and professional bodies

Validation of interim and final drafts of the standard will be the responsibility of key industry and Government bodies who are supporting the project currently:

Institute of Asset Management (IAM)

Royal Institute of British Architects (RIBA)

British Institute of Facilities Management (BIFM)

Office of Government Commerce (OGC)

Need for teamwork

Slide 7: HARD AND SOFT ISSUES

Asset management requires a combination of hard and soft skills and approaches:

- Leadership, commitment, skills
- Benchmarks and standards
- Managing data and information

Slide 7: THE BIG PICTURE

A holistic approach demands that we understand how the different parts of the department interact – adopting business management systems, such as the industry standard, that apply across the department and supply chain

The standard should provide practical approaches that clarify ways in which our buildings and facilities enable us to provide an excellent service – or where our buildings and facilities hinder performance – how we should act to improve the situation.

Slide 8: OUTCOMES OF THE INDUSTRY STANDARD FRAMEWORK

Lasting gains - Not just a management fad – here to stay

Increasing pressure towards efficiency - shared services programme etc

Not only efficiency but also improving the quality and delivery of services

Cross-cutting approach - Transformational Government agenda etc

The importance of an industry standard to deliver these outcomes.

It is a benchmark to be used when developing Asset Management Plans by both the Public and Private sectors.