



CabinetOffice

Cabinet Office Asset Management Strategy



**Making
government
work better**

Introduction

This document describes the Cabinet Office capital asset base and explains how and why the Department plans to manage its assets. It has four sections:

- 1) **Capital Stock Survey** - A summary of the composition and condition of the asset base
- 2) **Asset Disposal Plan** – plans for disposal of surplus assets
- 3) **Forward Investment Plans** – details of forward investment plans over the Comprehensive Spending Review period
- 4) **Asset Management Practices** – describes the framework and corporate governance within which we manage and maintain our asset base

The Cabinet Office recognises that our fixed assets are one of our key resources to help to achieve our vision to provide a strong and effective centre that can support and enhance the work of government.

Our Asset Management Strategy builds on our Departmental Investment Strategy (DIS) 2005-06 to 2007-08 that was published in July 2005, which forms the context for our asset management plan.

In line with central civil Government the Cabinet Office is a fast changing environment and some of the Key drivers for change over CSR07 period include:

- *Efficiency targets set for government*
- *Information Technology and eBusiness – use of technology to change and improve methods of service delivery*
- *Partnerships – in service delivery where they add value and contribute to the Cabinet Office's corporate aims and objectives*
- *Shared service working arrangements*
- *Changes in working practices such as home working, hot desking*
- *Capability Review Implementation Plans*

Whilst we understand that the priorities over the coming three years are important to making sure we deliver on key business objectives, it is also necessary to keep an eye on the longer term changes that are likely to impact on the delivery of services so we are responsive to future changes, customer focussed and efficient.

To achieve this we need to ensure that the Cabinet Office manages its assets by:

- Ensuring we understand fully the current asset base and its associated running costs;
- Updating our assessment on what assets are required currently and in the future to meet service needs; and
- Regular assessments are made on future asset acquisitions, disposals and maintenance.
- Benchmarking through OGC and IFD Networks

Our vision

To manage Cabinet Office fixed assets effectively by:

- Consolidating our activities into a core freehold estate along with a small number of leasehold buildings;
- Ensuring fixture and fittings are part of the package when negotiating terms and conditions with new leaseholders;
- Using the Wider Markets Initiative to find opportunities to exploit the use of our Intellectual Property Rights, Land and Buildings
- Implementation of our Lifecycle Programme - *Building Maintenance and Improvement Works*;
- Developing robust business cases for investment and disposal of fixed assets to make sure the way we make and implement decisions are based on best practice; and
- Ensuring Arts, Antiques and Heritage assets are maintained to standards as defined by English Heritage and our antique experts

We have embraced the latest draft guidance from Royal Institute of Chartered Surveyors (RICS) led working group; and OGC guidelines on Asset Management Strategy and Planning.

(1) Capital Stock survey

In January 2007 details of the Cabinet Office fixed asset register was published as part of the HM Treasury's work to update and revise the National Asset Register (NAR). It showed that as at 31 March 2005 we had a fixed asset base with a net book amount of £235.9m. The bulk of the Department's asset base relates to land and buildings (including dwellings) with the remaining comprising of IT equipment, plant and machinery etc. Details of the National Asset Register can be found at

We have continued with plans to reduce the number of buildings on the Cabinet Office estate and implementation of plans to dispose of assets that are no longer required for the delivery of business priorities. For example IT assets which have come to the end of their useful lifecycle, a business

strategy reinforced by the 'Capital in the CSR 2007' a paper published by HM Treasury.

There have also been machinery government changes for example National School of Government became a non-ministerial department which meant that the Sunningdale Park building would no longer be part of our fixed asset base.

To make sure we are ready to meet the current and future challenges of the CSR07 we reviewed our fixed asset portfolio to reflect asset disposal and machinery of government changes since the publication of the National Asset Register. In line with these changes our asset base as at 31 March 2006 had a net book amount of £211.1m and this was reflected in a restatement of the net book amount in our published Annual Report and Resource Accounts for 2006/07.

The following is a breakdown and review of our capital stock:

Land, Buildings and Dwellings

Land and buildings represent some 67% of our total asset base. Historically we have experienced frequent machinery of government changes which have meant the number of staff working in the establishment have been subject to considerable ebb and flow. As a consequence, the Cabinet Office estate has both grown and shrunk over a period of time.

Currently we occupy an approximately equal number of freehold and leasehold office buildings in central London. Also leased (including arrangements with other Government Departments) we have bases in Basingstoke, Warrington and the freehold of the Emergency Planning College in Easingwold, Yorkshire.

The Department is also responsible for the freeholds of a radio mast and associated outbuildings at Hannington and for the Civil Service Club in central London. In London the freehold estate includes some landmark historic properties such as 10 Downing Street, Admiralty Arch and the original Admiralty building at 26 Whitehall.

The English Heritage assessment standards on the condition of our buildings rated the condition of all our buildings as good.

Fixture and Fittings

The vast majority of this is modern but there is also a considerable amount of antique furniture which is predominantly used in Downing Street and 70 Whitehall.

IT

Our position at the centre of government has often led to us taking on a co-ordinating role with other departments. In the case of certain IT assets this has led to us holding assets on behalf of other departments.

Arts and Antiques

We own Arts and Antiques which have been the property of the Cabinet Office for many years and are often of historic interest or have been gifts to past Governments.

(2) Asset Disposal Plan

Land, Buildings and Dwellings

The Cabinet Office owns eight freehold properties in London: the inter connected 70 Whitehall and 10-12 Downing Street; the inter-connected Admiralty Arch, 22-26 Whitehall and Admiralty House; and two buildings currently occupied by the Parliamentary Counsel Office – 36 Whitehall and 53 Parliament Street. In addition the Cabinet Office is responsible for the freehold of the Civil Service Club building in Great Scotland Yard.

Outside London the Cabinet Office owns the freehold of the Emergency Planning College at Easingwold, Yorkshire and of Hannington Radio Mast. Both of these were inherited from the Home Office on earlier machinery of government changes.

We take a proactive approach to the management of our estate in order to provide the necessary accommodation to meet current and future business needs. As part of this approach, any surplus land and buildings identified will be disposed of, either to other public bodies or through the open market, as appropriate. We are currently in the process of disposing of 53 Parliament Street.

There is little scope to dispose of the freeholds of 70 Whitehall and Downing Street, Admiralty Arch, 22-26 Whitehall and Admiralty House. These are core, historic (and listed) freeholds properties on the Whitehall corridor that are expected to be used by the Cabinet Office for the foreseeable future.

Fixture and Fittings

There is considerable expense associated with either removing or disposing of furniture and fittings, or of removing and storing it. We ensure that where possible furniture and fittings are re-used, including by other Government Departments. If this is not possible, there are arrangements in place via our total facilities management contract to ensure disposal and/or re-use in an environmentally sound way.

Over the CSR 07 period we intend to develop options to meet agreed business requirements for our furniture and fixtures.

IT

A majority of Cabinet Office IT are made up of capital investments by Delivery and Transformational Group (formerly e-Government Unit) whose programmes have delivered the benefits of putting e-services on line.

Delivering services electronically gives more transparency, reduces the burden on management and provide economies of scale.

This has been facilitated by the development of the Common Infrastructure in the form of:

- Government Gateway
- Delivering on the Promise (DotP)
- Knowledge Network
- Secure Hosting facility

Cabinet Office owns the intellectual property rights to these services which it seeks to exploit consistently with the approach in the government's wider markets initiative.

Arts and Antiques

There are no current plans to dispose of these assets. We intend to investigate whether these assets can be transferred to the Government Art Collection. During the CSR07 period we will benchmark our Arts and Antique management against the Ministry of Defence policy to ensure we are using best practice.

(3) Forward Investment Plan

The London Estate Rationalisation is currently the key driver for our asset disposal plans and is being steered by the Commercial Activity Team. The aim is to ensure that all accommodation meets current business requirements and that leasehold responsibilities are reduced over the CSR07 period and beyond.

(4) Asset Management Practice

Like the rest of government, the Cabinet Office would reduce in size to meet the efficiency agenda, which is why our Asset Management Strategy and Plan is intrinsically linked to our business plans for estate rationalisation. The strategic planning of our assets is essential in ensuring that decisions on disposing or improving our assets are linked to other Cabinet Office resources (staff, IT, finance) to make sure our assets contribute to the achievement of our corporate goals.

The maintenance of our land and buildings constitute a significant proportion of overall resource expenditure and capital investment. Therefore it is important such properties are managed efficiently and effectively and to manage this process we have developed a 'Lifecycle Programme' to carry out planned building maintenance and improvement work.

The Lifecycle Programme would also contribute to the capital planning priorities so investment decisions fully appreciate the likely revenue costs involved in capital investment.

Responsibility for managing the London estate (and Basingstoke) sits with our contracted Total Facilities Management (FM) provider. Support for other buildings is done by other organisations from which the space is leased.

With limited exceptions, the London estate, furniture and fixtures and arts and antiques are included within the scope of a lifecycle programme with our FM contractor. This ensures the property, furniture and fixtures and arts and antiques are maintained at known and fixed annual costs, smoothed over the period of the contract.

Consideration is currently being given to adding in the two buildings that are not included within this arrangement, subject to a review of the value for money of doing so. Capital improvement works are funded separately. In addition, a contingency fund is held to cover unplanned items e.g. emergency responses to sudden problems such as floods

It also means that we need to maintain our property portfolio by ensuring we carry out:

- regular surveys, building assessments and inspection for asbestos, legionella;
- fire, health & safety checks;
- physical condition surveys; and
- compliance with the Disability Discrimination Act (DDA) regular audits is undertaken.

This work contributes to keeping the asbestos registers, fire plans up to date, undertaking statutory testing e.g. lifts, and fire alarms. In addition we use other surveys to develop a programme of planned preventative maintenance work e.g. lifecycle condition surveys and quadrennial heritage reports.

We also undertake yearly surveys asking staff about our property assets and respond as appropriate to theirs or departments changing needs i.e. open planning of offices to create modern working environment whilst maximising use of office space. We check and measure our progress by using information from feedback on a range of departmental information sources such as People Survey, Capability Review progress reports

All of our estate management activities are carried out with the aim of meeting the targets for sustainability set out by the strategy for *Sustainable Operations*

on the Government Estate. These targets were launched by the Prime Minister in June 2006.

In order to meet these targets, we have undertaken a number of measures in key areas to help make the operation and running of our estate as environmentally friendly as possible.

For example Cabinet Office has recently signed up to the Carbon Trust's Carbon Management Programme. This is a 5-step process to provide the department with a systematic approach to managing the risks and opportunities associated with climate change. Estate management officials are currently in the process of implementing the recommendations from the report, including the installation of automatic lighting sensors across our core estate and a comprehensive awareness raising and behaviour change strategy for all of our staff.

All new builds or refurbishments undertaken by Cabinet Office will be subject to a rigorous sustainability appraisal to ensure that they conform to the new part L building regulations which deals with the energy performance of buildings.

The core IT equipment is also subject to an IT maintenance contract. The contractor's performance is reviewed monthly against a set of key performance indicators to make sure we continue to deliver a first-class service.

The outcome of the benchmark exercise of Cabinet Office Arts and Antiques policy against the Ministry of Defence and discussions with Government Art Collection would be the key drivers in determining the department's plans for transfer or disposal of these assets.

As we continue to develop our Asset Management Plan we will make sure that our assets remain affordable which means keeping running costs down, prioritising capital spending, carry out option appraisal incorporating whole life costing and assessing opportunity costs before making any new capital investments.

For example we are developing our Wider Market Strategy. Early examples being - facilitation fee for filming in and around the Departments historic estate and charging for the use of Admiralty House or charging other organisations for the use of our facilities at 67 Tufton Street when they are not required for fast stream recruitment

To embed the Wider Markets Initiative into our Business Planning process. Head of Management Units will be asked to identify wider market opportunities for Fixed Assets and Intellectual Property as part the annual business planning process.

Wider Market Opportunities that are identified will be reviewed by the designated Wider Markets Officer. Any suggestions considered viable will be developed into a Business Case and considered for implementation.

The implementation of agreed initiatives will be the responsibility of the Director-General for Strategic Finance and Operations (a Cabinet Office Board Member) who is responsible for reviewing and reporting to the board on our Asset Management Strategy and Plans.

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