

**Department of Finance  
Departmental Response  
to recommendations in the Northern  
Ireland Audit Office's Report**

**Managing the Central Government  
Office Estate**

**Presented to the Northern Ireland Assembly  
by Department of Finance**

**13 March 2018**



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# Glossary of Abbreviations

<b>ALBs</b>	Arm's Length Bodies
<b>AMU</b>	Asset Management Unit
<b>DoF</b>	Department of Finance
<b>LPS</b>	Land and Property Services
<b>NIAO</b>	Northern Ireland Audit Office
<b>RPM</b>	Reform of Property Management
<b>TEO</b>	The Executive Office

**DEPARTMENT OF FINANCE DEPARTMENTAL RESPONSE TO NORTHERN IRELAND AUDIT OFFICE (NIAO) RECOMMENDATIONS IN THE NIAO'S REPORT OF 30 NOVEMBER 2017 ON "MANAGING THE CENTRAL GOVERNMENT OFFICE ESTATE"**

## **Department of Finance**

### **Managing the Central Government Office Estate**

#### *Introduction*

The responses within this Departmental Response have been made at official level. Where specific recommendations relate to issues of policy these will require Ministerial decisions.

#### *NIAO Recommendation 1*

**We recommend that the resources required to progress the RPM Programme are secured as a matter of priority so that implementation can be achieved without further delays.**

The Department of Finance (DoF) partially accepts this recommendation.

While DoF recognises that securing the resources necessary to invest in the Reform of Property Management (RPM) is a priority, the decision on the allocation of the Executive's Budget will ultimately be a matter for the Executive to decide, in the context of the competing pressures across all departments and the overall Block position.

#### *NIAO Recommendation 2*

**We recommend that DoF, with support from AMU, works more closely with departments to encourage increased collaboration to generate office accommodation related savings.**

DoF accepts this recommendation.

A wider stakeholder forum is currently being established by DoF to encourage increased collaboration. In addition new Accommodation Standards will be applied to future major refurbishment projects, reducing the Net Internal Area of the Central Government Office Estate, which will assist in generating accommodation related savings.

Planned centralised management of the office estate will continue to be implemented by DoF which will support a consistent approach to collaboration and the realisation of benefits. DoF has plans to realise a recurrent saving of over £48m per annum from 2022-23 based on the current investment profile. This will be additional to the £18m already realised by the programme since the introduction of property controls. This is however dependent on the decision on the allocation of the Executive's Budget as detailed in response to Recommendation 1 above.

Further, property controls were introduced in the DoF Budget Director's letter of 28 July 2014 letter to Accounting Officers 'Removal of Delegated Limits for Office Accommodation Leases'. These controls require proposals for new leases or lease extensions for office and supporting accommodation to be submitted to DoF. Early engagement should be undertaken with departmental economists, Land and Property Services (LPS) and Reform of Property Management (RPM) officials when preparing relevant business cases. The Asset Management Unit (AMU) within The Executive Office (TEO) will continue to support DoF by providing specialist resources for the RPM Programme.

#### *NIAO Recommendation 3*

**We recommend that DoF monitors compliance of all public bodies with the disposal guidance and challenges bodies where delays in identifying or transferring a surplus asset occur.**

DoF accepts the recommendation in respect of identifying surplus assets within the Central Government Office Estate. DoF does not currently have a remit to challenge other departments or public bodies where delays in

identifying a surplus asset occur and, therefore, cannot fully accept recommendation 3. LPS Central Advisory Unit (CAU) within DoF is undertaking a review of the disposal guidelines 'Disposal of Surplus Public Sector Properties in Northern Ireland' with support from the AMU within the Strategic Investment Board, and will incorporate any appropriate changes that are necessary as a result of this NIAO Report. CAU will monitor compliance of government departments with the disposal guidelines. Public bodies, although recommended to follow the disposal guidelines, are not obliged to do so. AMU supported by LPS will look at options to make progress in improving the pipeline process of assets already identified and declared as surplus.

*NIAO Recommendation 4*

**We recommend that Properties Division introduces new charging for departments as a matter of urgency to ensure full costs are recovered.**

DoF accepts this recommendation.

New charging arrangements are being developed by DoF that will comply with Managing Public Money NI. DoF is also currently engaging with other departments and their Arm's Length Bodies (ALBs) to allow implementation to begin in the 2018-19 financial year.

*No Recommendation 5 in NIAO report – relevant Conclusion below:*

**In order to capture the full value associated with actively managing assets, departments and public bodies need to attach a higher priority to gathering and maintaining data to measure performance. Relying on up-to-date, accurate data will help ensure production of robust Asset Management Plans and lead to fully informed asset management decisions. It is important that the Asset Information Project is advanced without delay.**

DoF agrees that the Asset Information Project is advanced without delay. DoF is currently in procurement for a fit for purpose asset information system which will replace end-of-life legacy systems. The new system will provide up to date management information that will allow DoF to accurately measure performance. The system is due to start implementation in the new financial year and will provide up-to-date, accurate data thereby ensuring the DoF's Asset Management Plan assists in fully informed asset management decisions. The new system is due to come online in 2019.

*NIAO Recommendation 6*

**We recommend that all departments and public bodies develop SMART property asset action plans, set property asset targets, develop key performance indicators and be required to review and report on an ongoing basis against these. This would allow for comparison of performance from year to year and across departments and ALBs, as recommended in the Asset Management Plan guidance.**

DoF agrees with this recommendation.

DoF will work with departments and AMU on SMART targets for inclusion within their Asset Management Plans. AMU has issued guidance and has set up an Asset Management Forum to deliver consistency in how departments manage and assess the performance of their assets.

*NIAO Recommendation 7*

**We recommend that the work being taken forward as part of the RPM Programme includes identifying those measures which will allow for comparison against departments in England, Scotland and Wales.**

DoF partially accepts this recommendation.

DoF acknowledges the value of valid benchmarks and will continue to work and collaborate with counterparts in England, Scotland and Wales, and will consider if meaningful benchmarking information can be developed that will allow for comparison. It should be noted however that some key indicators of performance for the office estate in England, Scotland and Wales use a different measurement approach which does not currently allow for meaningful comparison.

*NIAO Recommendation 8*

**We recommend introduction of an annual State of the Estate report on the efficiency and sustainability of the central government office estate. Such a report would analyse performance across departments, compare performance regionally against other UK regions and against private sector benchmarks.**

DoF accepts the recommendation to produce an annual State of the Estate report for the central government office estate.

On completion of the RPM Programme, information will be available to allow DoF to report on its Central Government Office Estate and analyse asset performance across departments.

As outlined in recommendation 7, DoF acknowledges the value of valid benchmarks and will continue to work and collaborate with counterparts in England, Scotland and Wales, including to develop meaningful benchmarking information that will allow for comparison and promote efficiencies.

*NIAO Recommendation 9*

**We recommend that mechanisms are devised to measure, validate and report performance to Departmental Boards and the Assembly.**

DoF partially accepts this recommendation.

DoF will report on its performance on the Central Government Office Estate to its Departmental Board through the Departmental Asset Management Plan as outlined in recommendation 6, and will report to the Assembly as necessary. DoF has no authority for devising mechanisms for other Departments to report to their Departmental Boards and/or the Assembly on their performance. DoF will however provide performance information to client departments allowing them to report as appropriate.

DoF will draw this to the attention of departments for their relevant consideration.