

Cabinet Secretary for Infrastructure and Capital Investment
Alex Neil MSP

T: 0845 774 1741
E: scottish.ministers@scotland.gsi.gov.uk



Chief Executives of
Local Authorities



21 May 2012

Dear Chief Executive

PROPERTY ASSET MANAGEMENT

With the current financial constraints across the public sector, all public bodies are facing difficult decisions around how to manage our assets and estates. The Scottish Ministers expect their public bodies to support the Scottish economy by considering overall costs to the public sector and securing value for money across the public sector, as well as considering costs and securing value for money in their own budgets. You may be aware that the Cabinet Secretary for Finance and Sustainable Growth asked the Scottish Futures Trust (SFT) to investigate the scope for expenditure savings through a more focussed and collaborative approach to public sector asset management. Two reports were published by SFT on 20 September 2011 – one focussed on potential improvements and savings in the central civil estate and one on the local civil estate. Together these identify the potential for significant cost efficiencies over the next five years.

I am taking the lead on property asset management within Cabinet, and I have asked SFT to undertake a programme management role, championing a more corporate and collaborative approach to property asset management across the public sector. I fully acknowledge that much good work has already taken place in property asset management in the public sector, but much more can be achieved. I encourage you to collaborate with SFT to deliver the best results for the people of Scotland.

The remit I have agreed with SFT, and the governance surrounding the role, is provided in the annex to this letter. This role is complementary to that of your own estate management teams. For further information on how SFT can assist your organisation, please contact Colin Proctor on: 0131 510 0800 or by email at: Colin.Proctor@scottishfuturestrust.org.uk.



ALEX NEIL

PROPERTY ASSET MANAGEMENT – REMIT FOR THE SCOTTISH FUTURES TRUST

Remit

In line with SFT's reports on asset management¹, by the end of 2016 we will expect public bodies in:

- The local civil estate to achieve cost efficiencies of at least £500 million in total (including revenue savings and capital receipts) through a more strategic and collaborative approach to property asset management; and
- The central civil estate to reduce their office footprint by at least 25%, building up after five years to an annual saving of about £28 million annually.

Across property asset management in, both the local and central estate SFT will;

- Champion a strategic approach and take forward a programme of change, supporting and challenging public bodies to deliver a step change in improved property asset management;
- Provide a centre of expertise and support on best practice asset management, including disposal of property, drawing on support and advice from Scottish Government's Property Advice Division, Health Directorate Capital and Facilities and Health Facilities Scotland;
- Facilitate collaborative planning and property rationalisation between different public sector bodies;
- Review asset management plans and, where appropriate, provide an external challenge to public bodies on their strategic approach to property asset management and the savings that can be achieved;
- Use the new £3m asset management fund over the next three years to encourage innovative solutions to rationalise and dispose of assets by public bodies to secure the maximum benefit to the public purse; and
- Measure and report on progress.

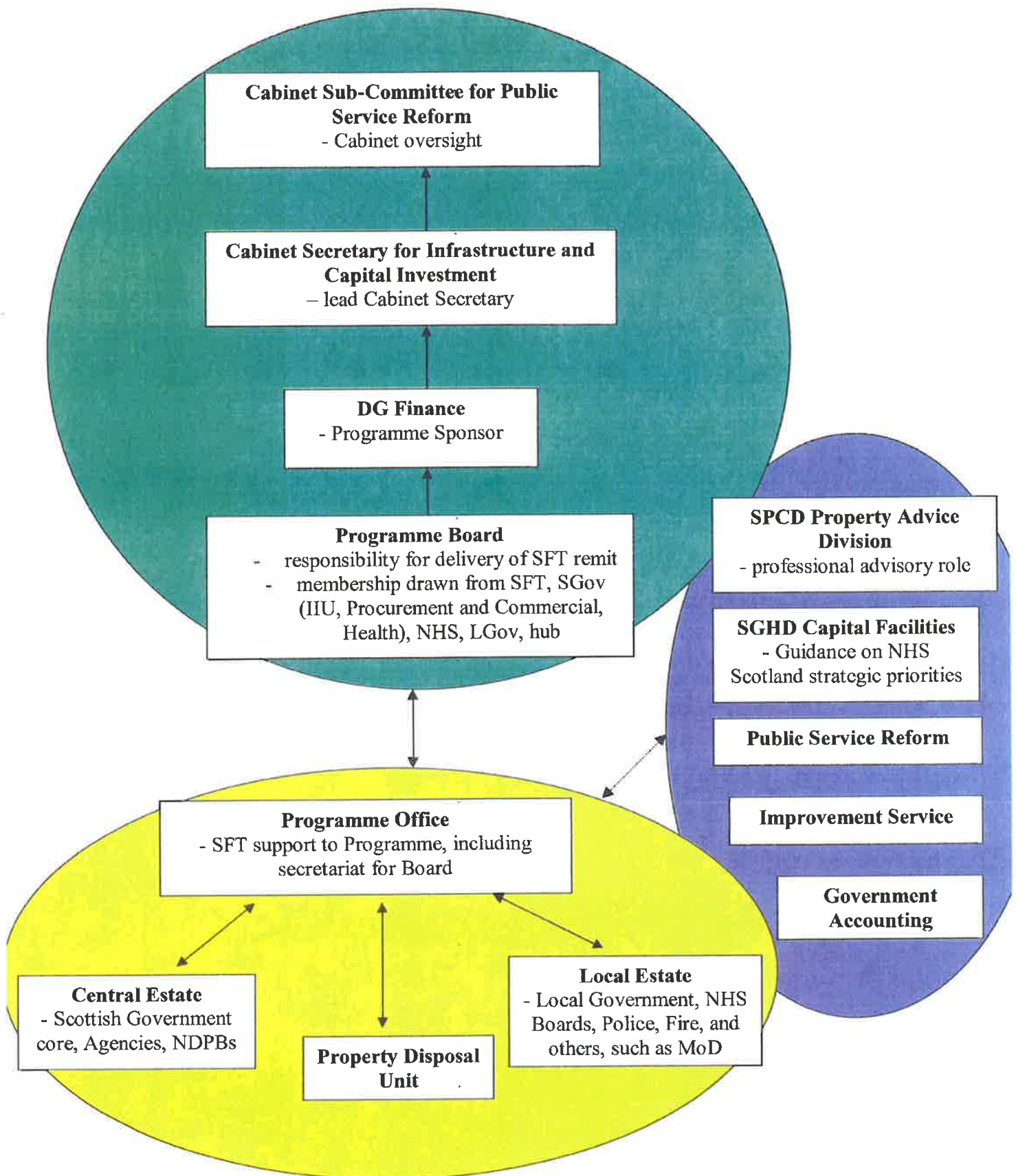
In all of the above SFT will;

- Build on the good work already underway within public bodies; and
- Collect information and data to support the initiative and report progress.

In order to succeed the initiative will need the support of Scottish Ministers and public sector leaders in bringing about the changes required. SFT's work and its interactions with other public bodies will be supported through the governance arrangements shown overleaf.

¹ http://www.scottishfuturestrust.org.uk/publications/emerging_opportunities

GOVERNANCE ARRANGEMENTS FOR ASSET MANAGEMENT ACROSS THE PUBLIC SECTOR



COLOUR
KEY:

GOVERNANCE
STRUCTURE

SFT DELIVERY

EXTERNAL
EXPERT ADVICE