Estates Strategies

All the funding councils encourage institutions to produce estates strategies, but not necessarily information strategies. Their production enables the institution regularly to ‘take stock’ both of how it is using existing physical resources, and how the estate needs to develop to implement future institutional mission. The CUC study on the use of KPIs suggests three key sets of strategic questions for governors which should underpin an estates strategy and any analysis of the physical infrastructure:

- Is our infrastructure fit for purpose and suitable to enable us to deliver our mission and strategies?
- Are we investing enough to maintain its productive capacity and our position in the market?
- Are we using it effectively enough to generate an adequate return?

Some helpful good practice on the preparation of estates strategies is usefully summarised in a Hefce publication (00/04) much of which also applies outside England.

- It is fundamental that an estates strategy must have rigour and be evidence based.
- Although the role of the estates director will be central to developing the strategy, he or she should not do it alone.
- Widespread consultation within an HEI on estates strategy development is usually desirable. Some aspects may be controversial, and if difficulties are to be overcome it is important that staff and students can make their views known at an early stage.
- The board must ensure that the estates strategy is integrated with other strategies, in particular the corporate plan and finance strategy but consistency with the learning and teaching strategy is also crucial.

Hefcw has published a Circular - Estate Strategy Guidance and Guidance (Estate Strategy Guidance) on the development of the estates strategy, one of the key themes being the importance of the linkage to the strategic planning process.

Estates: Compliance and Rules

Funding Body Requirements

Funding body requirements over estates vary in different parts of the UK. In addition, resources for a particular development may not come through the funding council - the NHS may well be an example. Governing bodies will, of course, want to assure themselves that the requirements of their primary funder are being met, but the more challenging issue may be to ensure that, when a number of funding sources are involved, their individual requirements are all addressed.

In England, Hefce has moved to a lighter touch approach to capital funding since 2008 through the Capital Investment Framework, established with the aim of ‘encouraging institutions to manage their physical infrastructure as an integral part of their strategic and operational planning’. The methodology is based on four factors:

- Responses to strategic questions.
- Metrics resulting from data submissions.
- Outputs and actions plan from a self-assessment.
- Collective knowledge from Hefce.

The approach of other UK funding bodies has much in common with that of Hefce, but they also have some distinctive characteristics.

- The Hefce arrangements also largely apply to Northern Ireland, although there are some variations. For example, DELNI requires data for public expenditure management purposes, and reporting arrangements for disposals of exchequer funded assets also differ.
Scottish institutions provide information for the Estate Management Statistics (EMS), and this is monitored by the Scottish Funding Council. They also submit estate strategies as part of their rolling four year strategic plans. Three year capital expenditure plans are required against the formula funded capital expenditure allocations to them, and one off mechanisms are adopted in respect of specific projects.

Welsh institutions are similarly monitored through the EMS, and are required to submit rolling three year plans, related financial forecasts, and capital investment plans, which provide a further means for Hefcw to monitor activity. Unlike England there is a direct requirement to submit capital investment plans, as well as the other strategic documents.

Legal Compliance
Governors who act reasonably and take legal advice are unlikely to face questions of personal liability, but it remains important to be aware of the legal requirements, particularly relating to health and safety and disability.

Comparative Data
Estates and infrastructure is one area where there is plenty of information to enable governors to benchmark their institution with others, principally from Estates Management Statistics published by the higher education funding bodies. The work of the Association of University Directors of Estates (AUDE) is important. It has developed a comprehensive self-assessment tool against which institutions can grade themselves.

AUDE has also, together with BRE Global, developed the Building Research Establishment Environmental Assessment Method (BREEAM), which provides a rigorous and independent tool for the environmental assessment of university buildings.

Managing the Estate
There are 3 main aspects of the management of the estate:

- Assessing the fitness for purpose of the estate
- Space utilisation and management
- Maintenance

Fitness for purpose
Good management requires that there should be surveys of the estate every few years to address both its condition and its functionality. The distinction here is simple but important - an estate that has the facilities needed but is dilapidated or inefficiently configured will be one sort of liability; one that is in good condition but has inappropriate space use would be a different liability. Strategically, these are important issues, and a condition survey is a much better measure of the state of buildings than EMS utilisation rates are of their functionality.

Space utilisation and management
The CUC Guide requires governing bodies to 'encourage a culture of efficient use of space', and to a new governor from outside higher education this may seem a relatively straightforward task: it is not! Space is a costly commodity (calculated by Hefce at an average of £244 per m2) and ensuring good space management - still more optimal space utilisation - is the dream of many estates directors.

In fact, in many institutions space utilisation has traditionally been poor, and there are many reasons, in particular mismatches between the size of student teaching groups and the space available; timetabling using only a relatively small proportion of the available working week; and in some cases the decentralisation of space management.
over numerous buildings. From the point of view of a governing body, such problems make achieving better space utilisation difficult, but should not detract from the attempt. Moreover saving space has other potential benefits, not least cost reduction and lowering carbon emissions.

The UK Higher Education Space Management Group, which has been set up to help institutions to identify and implement best practice in the management of space, has produced a 'Model of the Affordable Estate' and various tools, such as the Model of Estates Costs and the Space assessment Model have been developed to help institutions with space management. The Estates Management Statistics Annual Report for 2007 identified space usage as an area for improvement.

**Maintenance**

The CUC Guide notes that the governing body is responsible for 'long term planning for capital development and the effective maintenance of existing properties'. This falls into two main categories:

- **Planned maintenance** - that is, replacing or overhauling fittings, equipment, etc that may otherwise fail or prove unfit for purpose.
- **Reactive maintenance** - that is, the repair of fittings, equipment etc that have actually failed.

This already points to a difficulty for a board, in that governors will be aware of the importance of a strategic approach, whereas reactive maintenance is by definition going to be unplanned, because if the failure had been anticipated it would have fallen into the 'planned' category. Maintenance covers the fabric (including paintwork, woodwork, doors and locks, etc), and equipment such as boilers and lifts. Other aspects are less immediately obvious but equally important. Safety systems are an obvious example, and all of an institution's mechanical and electrical systems (and, increasingly importantly, the way they are controlled) also come into this category.

**Facilities and Infrastructure Management**

Governors will wish to ensure that their institution’s facilities and infrastructure are being effectively managed, specifically security, transport, parking, waste management and utilities and energy.

**Security**

Security is a problem in higher education. Traditionally institutions have been very open, and control of visitors (or even of staff and students) is difficult without changing the culture. Few institutions would be happy isolating themselves from their surrounding communities. Indeed, the trend is in the other direction. But institutions are susceptible to theft, ranging from serious planned thefts of equipment (mostly computer hardware) amounting to thousands of pounds, to the supposedly victimless crime when someone helps themselves to small items of property. So pressures for increased security have grown. Similar pressures arise from health and safety concerns about ensuring that access to laboratories containing dangerous substances is adequately controlled.

**Transport**

In terms of minimising environmental impact, the issue of transport also has to be considered by a governing body. It is now more than 30 years since Clerk Kerr (as President of the University of California) gave his famous definition of a university as a “series of individual faculty entrepreneurs held together by a common grievance over parking”, but transport remains contentious in many institutions. There are at least two significant issues for a governing body: travel and transport policy, and car parking.

**Car Parking**

Parking is a topic that can stir heated debate. Few institutions have sufficient capacity to allow everyone who wants to park on campus to do so, and this inevitably leads to
debates about priorities. A few elements are happily uncontroversial (e.g. priority for those with mobility problems), but other than that there are issues including: the priority - if any - to be given to staff relative to students; the categories of user that should be permitted to park; parking priorities related to issues such as safety, unsocial hours and so on. The problem with such debates is not that there is no validity to them, but that they are normally advanced with little or no evidence. In addition, there is the issue of car parking charges, with arguments about whether different payment rates should be required of different categories of user or those with different levels of income. Overall, there is little chance of devising a solution that will not cause resentment somewhere, and the best that can be hoped for is a least bad solution. At the final decision point, governors will inevitably have some involvement, but they are best advised to see this as an area for management.

**Waste Management**

Waste management is an area of increasing regulation involving waste disposal, storage, recycling and transportation. Institutions have to deal not only with the sort of waste associated with a residential or commercial activity, but also with biological and radioactive waste, 'sharps' (syringes etc) and other materials that require special treatment. So pressures are increasing to reduce waste, increase recycling and minimise hazard, all a challenge. Ideally, a governing body should have approved a waste management policy addressing not only legal compliance but the necessary information and training to spread good practice throughout the institution. As in other areas EMS data are available to compare institutional performance.

**Utilities**

What lies at the heart of sustainability from the point of view of the estate is the issue of minimising the adverse impact of an institution on the environment, and maximising the positive contribution it makes to a healthy environment. This is obviously partly a matter of controlling the consumption of utilities, carbon emissions, and waste. Even if institutions were not inclined to look at their use of utilities for reasons of sustainability, increasing fuel costs will prompt them to do so. But in fact, trying to reduce utilities costs has long been a reality, encouraged by many governing bodies. Effective procurement is obviously important, as is the issue of how utilities are managed. Many institutions have already introduced energy management systems which improve performance, yield savings and cover initial capital costs, often over a surprisingly short timescale. But the stakes are being raised the whole time. In addition to financial pressure there is now the imminent requirement on publicly funded bodies to reduce their carbon output.

**Sources of Finance**

Many estates matters involve large scale procurement, often entailing medium or long term financial commitments. As a governor you will be concerned about the need to ensure value for money (VFM), particularly where expenditure is high. In some areas, this is a straightforward matter of market testing, but there will always be a need in VFM terms to make decisions on a spectrum stretching from entirely in house provision to entirely out sourced.

In some areas - say lift maintenance – an institution is likely simply to have a maintenance contract (subject, of course, to proper procurement and VFM tests). As a governor, in such cases you will probably have little or no input - the procurement procedures will have been approved by the governing body, which can thus be confident that they are fit for purpose. The procedures should, of course, be reviewed from time to time. In other areas - security for example - there is likely to be a similar choice between in house provision and external contracting. Whichever option is chosen, the service should be assessed periodically against the market to ensure VFM. When the service is external, this will usually be a straightforward process when a contract approaches its end or renewal point. When
the service is internal, it should still be assessed: normally at least every seven years, but more regularly might be appropriate.

In some other areas, procurement decisions may be less clear cut. Institutions will want their own maintenance staff to deal with routine work, but there may be times when external contractors are needed, for example for large scale refurbishment.

Governing bodies will also wish to consider Private Finance Initiative (PFI) as a source of funding, particularly for major projects. The PFI scheme was initiated by the government in the early 1990s, and is an approach to funding construction that you should be aware of as a governor, even if it has not yet been used in your institution.

**Capital Projects**

Many governing bodies have the power to approve all projects with a value greater than a certain level - £3m, for instance. In estates and infrastructure, this is a low financial threshold. Such powers may be delegated, but that may simply shift the locus of decision making rather than ensuring effective project procurement. In areas such as estates and infrastructure, significant resources will be committed to projects, and the risk of things going wrong is high.

The power to approve projects is entirely understandable in terms of ensuring that the governing body can execute its responsibilities, but it is not without problems. For example, is it just adequate for a governing body to approve a list of projects? If the answer is (an unsurprising) 'no', then the question is how much detail should be provided to meet the spirit of the power. The danger as ever is that the further the scope is extended, the more approval and monitoring may impinge on the timely initiation and completion of a project, and the greater the risk that the governing body will effectively become involved in management.

The key to finding a balance in such matters lies in ensuring that robust project management procedures exist in which the governing body has confidence. Such procedures will reflect the institutional approach to risk management.

The Hefce Capital Investment Framework (CIF) was designed to encourage a more strategic approach to infrastructure planning and capital investment, while reducing the amount of regulation. The second CIF is now under way. The Welsh Government has introduced new procedures for funding capital projects.

**The Estates Committee**

In overseeing strategy and performance against plans, the governing body may be supported by an estates or buildings committee.

There can be potential benefits of such committees. They allow more detailed scrutiny than the main board can give, and also provide a means of focusing expertise, both of the lay members and of any other co opted members.

However, establishing a committee may be seen as a cure all for perceived difficulties, and the potential downside is clear.

- It adds to the time that a given decision will take - minimally two weeks to any business cycle (if committee minutes are to be agreed and circulated in good time before the next meeting of the board), although good management of the business, and the delegation of appropriate decisions will help
- Some committees in this area simply don't work very well, and rather than concentrating on the important strategic issues tend to get bogged down in
the minutiae of car parking and staff accommodation, to the frustration of all parties.

- In some institutions the director of estates may feel that as they are responsible for all aspects of their service, the only form of reporting required is a regular (often annual) report against plans, and approval of project funding above delegated limits where necessary.

In practice, the judgment of whether an estates committee is useful is a matter of assessing the value added by the additional scrutiny against the time and resources involved. Some of the relevant factors to take account of in answering this question are:

- The size of the institution (in small institutions estates matters may more usually be dealt with in the full board)
- The complexity of the existing estate
- The nature of development plans
- Whether substantial new building is to be undertaken

An estates committee does not have to be a permanent committee of the governing body, and a time limited special working group with specific terms of reference can be a very effective alternative, particularly when focusing on strategic issues.

Find more information and resources on this topic on our website at: www.lfhe.ac.uk/en/governance/ba/committees/estates