



Dorset Council

Critical Analysis of Dorset Council's Property & Asset Management Strategy



Dorset Council

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The **European Services Strategy Unit** is committed to social justice, by the provision of good quality public services by democratically accountable public bodies. The Unit continues the work of the Centre for Public Services, which began in 1973. Research and strategic advice for public bodies, trade unions and community organisations include analysis of regional/city economies and public sector provision, jobs and employment strategies, impact assessment and the effects of marketisation, privatisation, public private partnerships and transformation.

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Executive summary

This report is a critical assessment of four reports (one by consultants, two Committee reports for Place & Resources Scrutiny Committee and the Cabinet, plus a draft internal Business Case), which examine options for the future of Dorset Council's Property and Asset Management Strategy.

The consultant's report stated "...the current 'in house' multi professional property consultancy model is not sustainable" (Britch Associates, 2019), but no evidence was supplied to support the benefits or to justify the overall statement. The risk assessments are superficial and not evidenced based. The report:

1. Failed to include an in-house model with a progressive strategy that integrated decarbonisation of housing, public facilities and business premises; winning services lost to academies and housing associations; public investment to meet the demands for new and improved public infrastructure; environmental works to protect flood plains and prevent coastal erosion.
2. The drivers for change (page 8) consists of two lists. The first identifies seven drivers but no attempt is made to connect them with Dorset Council. The second list asks six questions but with no answers, not even to the one that asks: "*What happens if the new model fails?*"
3. Failed to fully assess the full implications of the five delivery models.
4. The appraisal of each delivery option has a list of criteria. Whilst they cover many of the issues there is no explanation or detail and concludes with a risk profile chart, but no evidence is provided to explain how the risks were determined.
5. Failed to fully appraise the implications of each option for Dorset Council and the reality of the performance and cost risks born by the Council.
6. Failed to assess the implications of each option for Dorset citizens, Dorset Council policies and Council employees.
7. Failed to assess the potential longer-term impact of each option for Dorset Council.
8. Failed to provide evidence that many local authorities have experienced problems with the models including poor performance and terminating contracts. In practice most Local Authority Trading Companies and similar models in a range of services have either won only relatively small amounts of additional work or none at all. The financial benefits are often negligible when the costs of tendering and marketing are taken into account.
9. The Council accepted a report from consultants which contained fundamental flaws.

The **Report to Place and Resources Scrutiny Committee, 29 September 2020**, was primarily a review of property and asset management issues, including brief references to other Council plans, the backlog of maintenance of assets and the approach to developing a strategy.

However, the report did not provide a methodology of how the property and asset management business case would analyse options, evaluate risks, assess implications and evidence decisions.

The **Report to Cabinet, 3 November 2020** emphasises the treatment of individual or categories of assets which is an important part of property and asset management. But the overall proposal is a significant restructuring and downsizing of Property and Asset Management with the loss of 63 FTE jobs.

However, emphasis is on the treatment of individual or categories of assets which is an important part of property and asset management. Furthermore, there is little evidence of a comprehensive methodology that will be rigorously applied to determine the future capability of Property and Asset Management to achieve the above objectives for its current assets and Dorset Council's strategies.

The **Assets and Property Change Management Arrangements (the Business Case) report** does not comply with the requirements of a business case as required by the HM Government's Green Book, which sets out a five-case model covering the strategic, economic, commercial, financial and management dimensions and how social costs, benefits and impacts must be taken into account. This approach is "...*the required framework for considering the use of public resources to be used proportionately to the costs and risks involved and taking account of the context in which a decision is to be taken*" (HM Treasury, 2020).

Other shortcomings in the Business case

1. The Business Case concentrates on one option, outsourcing. But there is no process or evidence to justify how five options became one.
2. Lack of a longer-term perspective/vision and how the option(s) will have the capabilities and capacity to respond to the demands arising from Dorset Council strategies.
3. No attempt is made to quantify the work lost in recent years to academies, housing associations and other public organisations and how it may be regained.
4. No analysis of the forecast of change in each service/activity of Property and Asset Management – this could be presented in a table identifying those for potential growth, minimal change and potential decline.
5. No economic, social and environmental impact assessment including impact on the local economy.
6. The equality impact assessment for the Restructure of Property and Assets wrongly assumes it will have "*no perceived negative impact*" on service users. However, commissioning and outsourcing will potentially have a negative impact on employees and service users. In addition, service users may be potentially affected by the restructure of Property and Asset Management.
7. No social/economic cost benefit analysis.

Vision and opportunities

This assessment has highlighted the need for a broader vision for the Dorset Council's Property Strategy and Asset Management organisation with a vision of a multi-disciplinary service having a vital and vibrant role in bringing the Council's capital programme to fruition over the next two decades. It will have a critical role in ensuring the effective coordination of infrastructure and service delivery will bring significant benefits to citizens and employees.

Given the range and scale of projects and investment it is vital that Dorset Council retains a multi-disciplinary property and asset management with significant capabilities. Their loss now to short-term interests will have long-term consequences because their replacement will be difficult and arduous. These strategies could include joint projects

with other local authorities, such as Bournemouth, Christchurch and Poole where projects were operationally and financially advantageous.

Scope of a Business Case

The primary purpose of a public sector business case is to identify, appraise and evaluate options for the provision of services and/or public infrastructure and to provide evidence to publicly justify the selection of the most appropriate option. The appraisal process includes assessing the potential impacts, costs, benefits and risks of each option. This requires that appraisal includes strategic, economic, commercial, financial, management, social, equality, democratic accountability, climate/environmental, quality of employment and sustainable development. Social/Economic Cost-Benefit Analysis is a more comprehensive and holistic approach to assessing the economic, social, environmental and financial impact of public policies and capital projects.

Conclusion

The four reports we have examined considering the future of Property Services and Asset Management examined are deeply flawed. Elected Members, managers and staff do not have sufficient evidence to justify the proposals, nor does the Business Case provide evidence of impact assessments and capability of meeting the significant demands arising from the Dorset Council Plan.

Recommendations

The following recommendations are made to Elected Members, officers of Dorset Council, employees, trade unions and community organisations.

Firstly, we strongly recommend the current process is paused to develop a Business Case for the multi-disciplinary model based on its economic, social, equality and environmental and expose the flaws in the other options. The Business Case should identify the services/activities for potential growth, minimal change and potential decline taking a longer-term perspective. It highlights the need for a broader vision for the Dorset Council's Property Strategy and Asset Management organisation with a vision of a multi-disciplinary service having a vital and vibrant role in bringing the Council's capital programme to fruition over the next two decades.

Secondly, the scope and structure of the Business Case should be agreed by Members, officers and trade unions before it is commenced.

Thirdly, the skills and experience of Property Services and Asset Management employees, together with UNISON representatives, must be harnessed with their participation in the preparation of the Business Case.

Fourthly, the experience of Property Services and Asset Management makes it imperative for Dorset Council to have comprehensive corporately agreed processes and templates, if it does not already have them, for the preparation of options appraisals, business cases and the evaluation of projects. They should be evidence-based and include all the criteria in Table 2.

Finally, the need for integrated delivery mechanisms for services provision is a priority across *all* public services. This requires continuity and coordinated delivery of property and asset management services and functions ranging from planning and design to whole life maintenance, improvement and renewal.

Introduction

In April 2019 Dorset County Council was abolished with six local authorities forming a new unitary authority, Dorset Council. An enlarged unitary authority was also created by the merger of the unitary authorities of Bournemouth and Poole with Christchurch.

Dorset Property Services is the in-house multi-professional property consultancy of the former Dorset County Council. In 2019 Dorset Council appointed Mike Britch Associates to review “...*the options for the delivery vehicle for the provision of property services has been commissioned to inform the new Authority of the opportunities and challenges facing the service. The integration of the old County Council and District authorities provides an opportunity to re-shape the service and plan for the future*” (M. Britch Associates, 2019).

Scope of the assessment

The ESSU assessment covers four reports:

Appraisal of the Potential Property Services Delivery Model, M. Britch & Associates, 2019.

Property Strategy & Asset Management Methodology Report, Place & Resources Scrutiny Committee, 29 September 2020.

Property Strategy & Asset Management Plan, Cabinet, 3 November 2020.

Assets and Property Change Management Arrangements (known as the Business Case), Version 11, Dorset Council, November 2020.

It is important to examine the four reports in sequence to track whether the potential effects of options are fully disclosed and discussed and how certain options are favoured over others. Legitimate criteria that are essential in the formation of public policy decisions for service delivery are marginalised or ignored.

The first part of this report is a critical analysis of the Britch report commissioned by Dorset Council in 2019 to examine potential options for the delivery of property services.

Part two examines the Scrutiny Committee and Cabinet Reports and the decisions made in autumn 2020.

The third part is a critical analysis of the Change Management Arrangements, known as the Business Case, which includes an action plan that concludes with a final structure being agreed and approved in late March 2021, immediately followed by compulsory redundancy notices or redeployment by the end of March.

Part four identifies the lack of an overall vision for the future of the Council's Property and Asset Management Strategy. This could have negative consequences for achieving the priorities in Dorset Council's Plan 2020-2024 and the longer-term objectives for economic growth, improving public infrastructure, meeting community needs, achieving decarbonisation and protecting the natural, geological and historic environment.

Part five sets out the impact assessment and economic/social cost benefit methodology that the Government requires to be used in the appraisal of options, business cases and evaluation of project proposals.

The report concludes with a summary of the main conclusions and makes several key recommendations.

None of the four reports examined have identified the advantages of multi-disciplinary in-house provision for Dorset Council Property and Asset Management. It is important to do so to prevent claims about its so-called 'unsustainability' and 'drivers for change' dominate the agenda

Table 1: **The advantages of multi-disciplinary in-house provision**

1. Direct democratic control and accountability of service delivery
2. Coordination and integration of activities and services
3. Better quality of service
4. Implementation of corporate policies, objectives and community needs
5. Lower overall cost
6. Economies of scale
7. Quality of employment:
8. Maximising the scope for improvement
9. Working to needs, not contracts and profits
10. Continuity and security
11. Maintaining Dorset Councils intellectual capital
12. Power to influence market forces

Part 1

Appraisal of the Potential Property Services Delivery Model report

The statement that the “...*Mike Britch Associates report unequivocally stated that the current ‘in house’ multi professional property consultancy model is not sustainable*” (the draft Business Case, Dorset Council, 2020) is inaccurate because the report merely listed some of the expected benefits and risks of the five delivery models. No evidence was supplied to support the benefits nor to justify the overall statement. The risk assessments are superficial and are not evidenced based.

For example, the reference to the Capita contract with Barnet Council is seven years out-of-date. A basic google search would have produced a detailed critical assessment of Capita's poor performance and analysis of its continuing financial crisis (ESSU & Barnet UNISON, 2018).

Another search would have revealed the performance of 67 local authority PPP Strategic Partnership contracts many of which included property services together with corporate, planning and other services. By 2019, 23.9% of these contracts had been terminated with a further 7.5% of contracts reduced in scope with service provision returned in-house. A further 15 local authorities commenced the procurement process but retained in-house provision (Whitfield, 2014). Hardly a recommendation for the ‘Joint Venture Partnership’ and ‘Outsourcing’ options in the consultant's report.

The consultants report:

1. Failed to include an in-house model with a progressive strategy that integrated decarbonisation of housing, public facilities and business premises; winning services lost to academies and housing associations; public investment to meet the demands for new and improved public infrastructure; environmental works to protect flood plains and prevent coastal erosion. The consultants seemed to accept that the “...*level of work from schools is also likely to be impacted by further academisation*” (page 4). There surely should be a strategy to regain work lost to schools, housing associations and other public organisations instead of accepting continued decline.
2. The drivers for change (page 8) consists of two lists. The first identifies seven drivers but no attempt is made to connect them with Dorset Council. The second list asks six questions but with no answers, even to the one that asks: “What happens if the new model fails?” Apart from the assumption that there is likely to be a new model, the answer is obvious.
3. Failed to fully assess the full implications of the five delivery models. There is no indication as to whether the five options were produced by the consultant or were part of the brief from Dorset Council's Property Services.
4. The appraisal of each delivery option has a list of criteria. Whilst they cover many of the issues there is no explanation or detail and concludes with a risk profile chart, but no evidence is provided to explain how the risks were determined.
5. Failed to fully appraise the implications of each option for Dorset Council and the reality of the performance and cost risks born by the Council.
6. Failed to assess the implications of each option for Dorset citizens, Dorset Council policies and Council employees.

7. Failed to assess the potential longer-term impact of each option for Dorset Council.
8. Failed to provide evidence that many local authorities have experienced problems with the models including poor performance and terminating contracts. In practice most Local Authority Trading Companies and similar models in a range of services have either won only relatively small amounts of additional work or none at all. The financial benefits are often negligible when the costs of tendering and marketing are taken into account.

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Unfortunately, the Council accepted a report from consultants which contained the above fundamental flaws. The report was used in the preparation of Assets and Property: Change Management Arrangements, Version 11, November 2020, the business case, and it also influenced the two earlier Committee reports.

More importantly, it was not a good example of commissioning.

Part 2

Analysis of the Scrutiny Committee and Cabinet reports

This section comments on the reports on the Property Strategy and Asset Management to two Committees in September and November 2020 respectively.

Property Strategy & Asset Management Methodology Report, Place and Resources Scrutiny Committee, 29 September 2020:

The Executive Summary of the report referred to the Council Plan objective "...the effective utilisation of the Council's property assets forms one of the six transformational programmes that the Council is undertaking."

"The Council's primary aims are to:

Rationalise the property estate, reduce costs and identify assets that are suitable for disposal or redevelopment.

To improve the condition of the Estate, ensure the Estate is compliant with statutory and regulatory codes and reduce its environmental impact.

Adapt the Council's office accommodation in order to alter its estate and modernise its workspace to meet the needs of future agile working and the aims of the Dorset Workplace.

To seek to maximise the value of the estate by creating income generation opportunities, disposing of or repurposing poor performing assets in order to create greater social, commercial and economic value.

Create economic growth (new homes and jobs).

Deliver more integrated customer focused services through joint provision.

Generate efficiencies through capital receipts and reduced running costs."
(Dorset Council, 2020b).

The report was primarily a review of property and asset management issues, including brief references to other Council plans, the backlog of maintenance of assets and the approach to developing a strategy. This was reflected in the minutes of the meeting. (Dorset Council, 2020c). The Place and Resources Scrutiny Committee support the approach and methodology to be used as the basis for the review of assets and the basis for determining the future shape and size of the estate.

However, the report did not provide a methodology of how the property and asset management business case would analyse options, evaluate risks, assess implications and evidence decisions.

Property Strategy & Asset Management Plan, Report to Cabinet, 3 November 2020

This report summarises the key issues, employment and developments in key elements of Council assets such as the office estate, the Dorchester office estate, third party leases and alignment with the Council's Draft Economic Growth Strategy, Draft Climate and Ecological Emergency Strategy together with the Draft Local Plan, Waste Local Plan, future Housing Strategy and key service strategies namely Children's 'Blueprint for Change' and Adult Services 'Building Better Lives'.

The report proposed an asset review process and a future development pipeline which will use the same process “...to determine the best delivery method for the development including direct delivery, joint ventures or collaboration agreements with other public sector partners” (para 14.2).

It also proposed “...the Council takes more control of any proposed developments on its land which will generate greater guaranteed social and commercial value together with flexibility of use from the development of its assets within a shorter timeframe” (para 16.2).

The Cabinet report appendices illustrating the Corporate Assessment Process and an Options Appraisal Process to decide whether an asset will be retained, delivered or disposal and its marketability.

Appendix 3 set out seven aims for the Property Strategy - optimising the estate in order to build an efficient, resilient and sustainable portfolio; conserving, preserving, protecting and effectively utilising those sites of historical interest; managing, developing and redeveloping where necessary to maintain and maximise the income provided to support Council services; utilising spare land or surplus assets for housing provision and economic regeneration; supporting the provision of workspace particularly the Development of the Innovation Park in support of the Council's economic agenda; enabling the regeneration of key towns and urban areas; providing value for money. The ultimate objective is “a significant reduction in the operational estate with associated revenue savings.”

The Cabinet Agreed to the approach to the Property Strategy in Appendix 3 and the Action Plan in Appendix 4 and a £250k budget for feasibility studies and other exploratory works (Dorset Council, 2020e).

The aims and principles will assist in the development of the Business Case and the Property and Asset Management Strategy.

However, emphasis is on the treatment of individual or categories of assets which is an important part of property and asset management. But the overall proposal is a significant restructuring and downsizing of Property and Asset Management with the loss of 63 FTE jobs.

Furthermore, there is little evidence of a comprehensive methodology that will be rigorously applied to determine the future capability of Property and Asset Management to achieve the above objectives for its current assets and Dorset Council's strategies.

The Cabinet, 3 November 2020 report contains a Corporate Assessment Process and an Options Appraisal Process are set out in Appendix 1 and 2.

Whilst both Appendices identify the key stages of each process, there is no reference to the process of assessing the economic, employment, social, equality and environmental impact of options or proposals nor of a social/economic cost benefit analysis. This is particularly critical for options appraisal as discussed in Part 4.

Part 3

Appraisal of the Assets and Property Change Management Arrangements (the Business Case) report

This part examines the scope of the Business Case (version 11, November 2020). There are a substantial number of shortcomings which mean that the Business Case is fundamentally flawed, compounded by accepting the opinion of the flawed Britch report and its failure to provide an evidence-based appraisal of options (see Part 1).

Commissioning model proposed: *"...the principle objective is to reduce the cost base and move to a commissioning model whereby future services would be commissioned from a much reduced core team and the design work would principally be carried out by external service providers either through the use of established frameworks which have been market tested nationally, the creation of a local framework or individual commissions on a project by project basis"* (para 4.15 Business Case).

There is no attempt to identify the cost and performance issues or to draw on the different experiences other local authorities and to determine whether they would be applicable to the Dorset context. Most experienced staff in local government want to deliver services and do not want to become commissioning/procurement officers which could lead to more staff retention problems and 'organisational drift' whereby commissioning becomes more dominant resulting in a ramp-up of outsourcing.

The Business Case cites the current *"...multi-disciplinary design function that can handle all aspects of a construction project"* but claims it is *"...not necessarily efficient"*. It reports that some local authorities *"...have either sought to externalise these services completely or retained a core specialist team to deliver a specific 'intelligent' client function with the primary objective of commissioning services from external commercial organisations at a lower cost and that can also be ramped up or down to meet varying and different types of demand"* (para 4.15). Again no evidence is supplied to support these claims and contract experiences particularly when there is public evidence that these options can lead to cost increases, poor performance and contract terminations (Whitfield, 2014 and ESSU/Barnet UNISON, 2018).

Failure to apply best practice

The Business Case does not comply with the requirements of a business case as required by the HM Government's Green Book (first published in 2003 with regular updates since then). The Green Book sets out a five-case model covering the strategic, economic, commercial, financial and management dimensions and how social costs, benefits and impacts must be taken into account. This approach is *"...the required framework for considering the use of public resources to be used proportionately to the costs and risks involved and taking account of the context in which a decision is to be taken"* (HM Treasury, 2020).

Other shortcomings in the Business case

3. The Britch report discussed five options (combined existing in-house service with strategic partner(s), shared service, Teckal trading company, joint venture partnership with public/private partner, outsourcing). The report to Cabinet, 3 November 2020, referred to four options (joint venture, in-house, new partnership, existing partnership).

The Business Case concentrates on one option, outsourcing. But there is no process or evidence to justify how five options became one.

4. Lack of a longer-term perspective/vision and how the option(s) will have the capabilities and capacity to respond to the demands arising from Dorset Council strategies such as the Dorset Council's Plan 2020-2024, Economic Growth Strategy, Climate and Ecological Emergency Strategy and the Digital Infrastructure Projects to Accelerate Economic Recovery from the Coronavirus Pandemic. Section 6.10 of the Business Case refers only to broad estimates of major projects. Para 6.3 states "*For the purposes of this review it is anticipated that the capital programme for property and flooding & coastal works will not exceed £20m per annum*" but no evidence is given to support this figure.
5. No attempt is made to quantify the work lost in recent years to academies, housing associations and other public organisations and how it may be regained.
6. No analysis of the forecast of change in each service/activity of Property and Asset Management – this could be presented in a table identifying those for potential growth, minimal change and potential decline.
7. No economic, social and environmental impact assessment including impact on the local economy.
8. The equality impact assessment for the Restructure of Property and Assets wrongly assumes it will have "*no perceived negative impact*" on service users. However, commissioning and outsourcing will potentially have a negative impact on employees and service users. The Escott and Whitfield (1995) national study for the Equal Opportunities Commission demonstrated the negative impact of outsourcing for many local government employees, which has been reinforced by numerous later studies. In addition, service users may be potentially affected by the restructure of Property and Asset Management. For example, by changes in the scope and quality of service delivery, changes in priorities, programming of works limiting access and flaws in consultants and contractor's equality practices.
9. No social/economic cost benefit analysis.
10. There appears to be a disconnect between references to disposals and acquisitions in paras 1.5, 3.1, 3.2, 4.4, 6.6, 6.11.1 and 6.11.3, the references to commissioning and outsourcing (paras 1.5, 2.21, 4.12, 4.15, 4.22, 5.1, 6.6 and 6.10.3) and the proposed staffing levels.

Despite the fundamental shortcomings in the Business Case the Outline Timetable (para 13.0) indicates an urgency to reduce the workforce from 173 FTE to 110 FTE (36.4% reduction) and to seek voluntary redundancy applications in January 2021 followed by redundancy notices by 31 March 2021. This process should be paused immediately to await the preparation of a comprehensive Business Case.

Further staff reductions will increase staff retention and recruitment as more staff leave with the danger of a downward spiral emerging as a consequence of a 'as and when resource strategy'. Increased reliance on commissioning, procurement and outsourcing could lead to problems in performance, integration of service delivery, contract monitoring and cost increases.

Part 4

Vision and opportunities

This assessment has highlighted the need for a broader vision for the Dorset Council's Property Strategy and Asset Management organisation with a vision of a multi-disciplinary service having a vital and vibrant role in bringing the Council's capital programme to fruition over the next two decades. It will have a critical role in ensuring the effective coordination of infrastructure and service delivery and bring significant benefits to citizens and employees. The programme includes:

Decarbonisation and zero carbon target by 2040 to include retrofitting of housing – social, private and private rented; ensuring a Council-wide recharging network; and extending renewable energy. Just in terms of the fully retrofitting 176,000 homes in Dorset Council based on the UK average costs and degree of existing level of retrofitting the private and public works could total up to £12bn (Whitfield, 2020b).

Works to prevent flooding and coastal erosion (Draft Dorset Council Climate and Ecological Emergency Strategy).

Major public infrastructure works for schools, social housing which should include winning back work previously lost to academies and housing associations (Housing Strategy).

Projects to accommodate economic growth and regeneration to protect and enhance the natural, geological and historic environment (Dorset Council Economic Growth Strategy).

Fibre spine infrastructure to increase connectivity and increase inward investment (Digital Infrastructure Projects, 2020).

The Bournemouth, Christchurch, Poole and Dorset Waste Plan 2019

Children's Blueprint for Change and the Adult Services 'Building Better Lives'

Given the range and scale of projects and investment it is vital that Dorset Council retains a multi-disciplinary property and asset management with significant capabilities. Their loss now to short-term interests will have long-term consequences because their replacement will be difficult and arduous. These strategies could include joint projects with other local authorities, such as Bournemouth, Christchurch and Poole where projects were operationally and financially advantageous.

In addition, local authorities in the south west that have adopted the commissioning/outsourcing model may eventually recognise the benefits of a multi-disciplinary in-house approach and seek collaboration with Dorset Council.

Financial realities

The OECD (Organisation for Economic Cooperation and Development) has recently warned that governments should continue higher public spending and lower taxes in their response to recover from the pandemic. Interest rates are expected to remain low for some time and renewed austerity "...would risk a popular backlash" (Giles, 2021). The same organisation strongly advocated austerity policies after the 2008 global financial crisis but makes coherent case against repeating that strategy now.

Part 5

Appraisal, impact assessment and economic/social cost benefit

Business case

The primary purpose of a public sector business case is to identify, appraise and evaluate options for the provision of services and/or public infrastructure and to provide evidence to publicly justify the selection of the most appropriate option. The appraisal process includes assessing the potential impacts, costs, benefits and risks of each option.

Table 2: **Scope of a Business Case**

Dimensions	Issues to be taken into account
Strategic	The case for change, including the rationale for intervention? current trends and forecasts, demand for public services, changes in quality, effectiveness, equality and efficiency via inputs, processes, outputs and outcomes, how do they fit with wider government policies and objectives?
Economic	Net present value of costs and benefits of options. Identify short/long-term risks and costs and how best managed.
Commercial	Provision of infrastructure, digitalisation and automation, quality of supply chain and risks, local training and employment.
Financial	What is the impact of the proposal on the public sector budget in terms of the total cost of both capital and revenue?
Management	Are there realistic and robust delivery plans? how can the proposal be delivered? ability to integrate services and functions, Skills and staffing resource analysis.
Social	Assess direct and indirect impact of changes to service provision, scope for early intervention.
Equality	Elimination, reduction, mitigation of inequality and discrimination for all groups of service users and employees.
Democratic accountability	Impact of governance arrangements, monitoring and reporting performance, employee and service user participation.
Climate/Environmental	Effect in reducing pollution, flooding, coastal erosion, safeguarding nature and biodiversity and public health benefits.
Quality of employment	Good quality terms and conditions, pensions and labour standards, working practices, trade union recognition, workplace training, health and safety.
Sustainable development	Economic and social development whilst sustaining nature, biodiversity and environment, end poverty, management of resources for future generations.

Source: HM Treasury, 2020 and European Services Strategy Unit Research Report No. 2, 2007.

Impact assessment

Impact assessments must take account of:

Direct effects – the Property and Asset Management directly employed workforce spending income in the local economy on goods and services.

Indirect effects – the effect of local employees of contractors/suppliers and the local purchase of goods and services by contractors/suppliers.

Induced effects – the economic effect and employment effects of consumer expenditure of the direct and indirect employment and output, which, in turn, supports a proportion of jobs in other sectors/services.

Wider effects – the benefits of improved property maintenance, other Dorset Council departments having access immediate access to local knowledge, skills and experience as part of integrated delivery of the Council's key strategies.

Equality effects – the impact of job losses, changes in pay and conditions and opportunities for re-employment and retraining, changes in access for service users and the effect on all equality groups. Identify how negative impacts can be eliminated or mitigated.

Social/economic costs benefit analysis

Social/Economic Cost-Benefit Analysis is a more comprehensive and holistic approach to assessing the economic, social, environmental and financial impact of public policies and projects. It includes establishing the base case or counterfactual; technical feasibility and environmental sustainability; financial and economic analysis; social equity of projects; the net present value of the costs and benefits and sensitivity analysis. Includes public costs such as transaction costs, market subsidies and corporate welfare; user charges, fees, fares and tolls and wider economic, social and environmental costs borne by public authorities.

Part 6

Conclusion and Recommendations

Conclusion

The four reports we have examined considering the future of Property Services and Asset Management examined are deeply flawed. Elected Members, managers and staff do not have sufficient evidence to justify the proposals, nor does the Business Case provide evidence of impact assessments and capability of meeting the significant demands arising from the Dorset Council Plan.

Recommendations

The following recommendations are made to Elected Members, officers of Dorset Council, employees, trade unions and community organisations.

Firstly, we strongly recommend the current process is paused to develop a Business Case for the multi-disciplinary model based on its economic, social, equality and environmental and exposes the flaws in the other options. The Business Case should identify the services/activities for potential growth, minimal change and potential decline taking a longer-term perspective. It should be an audit of the capabilities that will be needed to fully meet the requirements arising from the Dorset Council Plan. It highlights the need for a broader vision for the Dorset Council's Property Strategy and Asset Management organisation with a vision of a multi-disciplinary service having a vital and vibrant role in bringing the Council's capital programme to fruition over the next two decades.

Secondly, the scope and structure of the Business Case should be agreed by Members, officers and trade unions before it is commenced.

Thirdly, the skills and experience of Property Services and Asset Management employees, together with UNISON representatives, must be harnessed with their participation in the preparation of the Business Case.

Fourthly, the experience of Property Services and Asset Management makes it imperative for Dorset Council to have comprehensive corporately agreed processes and templates, if it does not already have them, for the preparation of options appraisals, business cases and the evaluation of projects. They should be evidence-based and include all the criteria in Table 2.

Finally, the need for integrated delivery mechanisms for services provision is a priority across *all* public services. This requires continuity and coordinated delivery of property and asset management services and functions ranging from planning and design to whole life maintenance, improvement and renewal.

Appendix: The Options Appraisal Criteria Matrix

European Services Strategy Unit Research Report No. 2.

The Matrix is divided into twelve sections, which cover the full range of issues that should be taken into account in appraising options. They are summarised below:

1. **Design and scope:** How each option meets strategic objectives, vision and aspirations, ability to meet current and future needs, user views, effect of creating/extending market mechanisms, scope for synergies and design/technical assessment.
2. **Accountability, governance and participation:** The implications of each option for enhancing democratic accountability, transparency and scrutiny and user/community and staff/trade union involvement in planning, policy and provision.
3. **Financial assessment:** Assess whole life and transaction costs, investment requirements and funding, affordability, use and allocation of savings, Best Value and risk assessment.
4. **Quality of service:** The potential impact on performance, service integration, continuous improvement and innovation, flexibility and responsiveness, accessibility and connectivity.
5. **Local/regional economy and community well-being:** Assess impact on jobs, skills, labour market and local economy, contribution to regeneration and economic development strategies, community well-being and cohesion.
6. **Quality of employment:** Application of employment models to each option, ability to retain terms and conditions, pensions and labour standards, impact on working practices, workplace training, access/provision of childcare and health and safety in workplace and community.
7. **Sustainable development:** Impact on local/regional production and supply chains, access to parks and recreational activities, services and facilities, environmental impacts and efficient use of resources.
8. **Ability to address social justice and inequalities:** The appraisal should identify how each option will reduce/eliminate health and other inequalities and discrimination for different equality groups. It should include a distributional analysis of the costs and benefits of each option and assess the contribution to building community capacity, power and participation.
9. **Capability, management and intellectual knowledge:** Effect of each option on retention of key skills and intellectual knowledge, ability to manage change and regulatory frameworks and transferability of skills to rest of the authority.
10. **Organisational arrangements:** Effect on flexibility, scope for collaboration and consortia, impact of transfer to arms-length bodies and trusts and capability of third sector organisations.
11. **Added value:** Proposals over and above core requirements and additional community benefits.
12. **Corporate impact on the authority:** Assess the impact on the viability of in-house provision, service integration and the financial and employment knock-on effects on central and other services.

All 12 elements are applicable in all options appraisals although the level of detail will vary according to the service or project being assessed (Whitfield, 2007).

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