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CIRCULAR

**THE
FURTHER
EDUCATION
FUNDING
COUNCIL**

**VALUE FOR MONEY STUDY AND
GOOD PRACTICE GUIDE ON
ESTATE MANAGEMENT**

Cheylesmore House
Quinton Road
Coventry CV1 2WT

To _____ Principals of colleges

Circular type _____ Information

Summary _____ Findings of the value for money
study on estate management in
colleges; good practice guide

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Enquiries:
Martin Connor
Property adviser
01203 863201

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VALUE FOR MONEY STUDY AND GOOD PRACTICE GUIDE ON ESTATE MANAGEMENT

INTRODUCTION

1 This circular summarises the findings of the value for money study on estate management practices in colleges, commissioned by the Council in association with the National Audit Office (NAO). The accompanying publication entitled: *Estate Management in Further Education Colleges: A Good Practice Guide* is based on the findings of the study.

BACKGROUND

2 The Council invited the NAO to take part in its first value for money studies in the sector, with the aim of publishing guides for good practice for some of the key activities undertaken by colleges. The first two subjects to be addressed were estate management and purchasing.

3 The estate management study has been completed. The purchasing study good practice guide will be published shortly. A third study, on the contracting-out of estate-related services and facilities management in colleges, was commissioned in December 1995 for completion next summer.

4 Following competitive tender, property advisers Chesterton International plc were appointed by the Council to carry out the estate management study and to prepare a good practice guide. The study was based on a representative sample of 40 sector colleges. In addition, the consultants validated their study findings with colleges not included in the original sample so that the study findings would be representative of the sector as a whole. Good practice in other property sectors was also taken into account.

5 The following study areas were selected for investigation:

- the assessment, organisation and procurement of planned preventive building maintenance and the establishment of benchmark costs for building maintenance across the sector
- the organisation and procurement of the minor works programme of backlog health and safety related repairs
- the actual and potential use of facilities management organisations to advise on, organise and deliver general building maintenance and the minor works programme of backlog health and safety related repairs
- the organisation and procurement of major capital works including the construction of new buildings and the improvement of existing premises
- the selection and appointment of consultants to advise on matters relating to estate management and the evaluation of the services provided.

6 The conduct of the study was overseen by a steering group comprising representatives of colleges, the NAO and the Council. The findings of the study were endorsed by the Council at its meeting on 20 July 1995.

FINDINGS

7 The consultants' principal finding was that while colleges have made significant progress in developing the management of their estates the development of more comprehensive procedures could further improve value for money. Other findings from the study are summarised as follows:

- colleges should make frequent appraisals of the competencies required to manage their estates to help determine the optimum balance between the in-house provision of estate-related services and external provision using consultants and contractors
- the information base of some colleges should be improved to ensure that estate-related services are effectively supported
- although colleges in the study sample were found to tender all major capital works, tendering for both contractors and consultants should be made more frequently for other areas of work
- colleges should give greater consideration to the potential benefits of the contracting-out of estate-related services to facilities management contractors and consultants
- colleges with similar estates could introduce benchmarking of various aspects of performance of their estate management activities

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- colleges should introduce comprehensive administrative procedures in support of their estate management activities.

GOOD PRACTICE GUIDE

8 The accompanying guide recommends procedures and practices which address the findings in the study. The guide is commended to all concerned with estate management in colleges, including college governors, senior management and estate managers. Each chapter of the guide comprises free-standing guidance on particular study areas. The guide is not prescriptive and recommends an approach to particular estate management activities to assist colleges. It complements the Council's earlier publication – *Guidance on Estate Management* – which was issued under the cover of Circular 93/35.

9 Two copies of the guide are being sent with this circular to each sector college. One copy is being sent to each college library. Additional copies may be obtained from HMSO, price £13.95, including postage.



