

London School of Economics
Estates Division
Peer Review

October 2011

Patrick Finch
Bursar
University of Bristol



Mr Patrick Finch

Bursar and Director of Estates, University of Bristol,

Patrick Finch joined the University of Bristol as Bursar and Director of Estates in October 2008. He is a Chartered Surveyor with over twenty-five years of experience of property development, management and strategic planning of operational estates. He was educated at Queen Elizabeth's Hospital School in Bristol, at the College of Estate Management at Reading University, and at Henley Management College, where he completed an MBA in 1999.

Patrick's professional career spans both public and private sectors. It includes commercial agency with Chesterton, estate management, development and strategic property advice for the NatWest Group in Bristol and London and industrial and commercial development and promotion of inward investment activity with English Estates and the Welsh Development Agency.

Patrick has worked in the University sector since 1997, initially with the University of Portsmouth and then the University of Bath, where he was responsible for planning and implementing a £100m transformation of the Claverton Down Campus.

Patrick has served on the Steering Group of the Environmental Association for Universities and Colleges, and is currently a member of the Executive and past Chair of the Association of University Directors of Estates (AUDE). He is a Wolfson appointed governor of the John Cabot Academy in Bristol and chairs the project board for the new Hans Prince Academy in Weston Super Mare. He is a board member of The Energy Consortium and participated in judging panels for Times Higher University of the Year and Leadership and Management Awards.

Patrick is married with two daughters and lives in South Somerset. He is a member and enthusiastic supporter of Bath rugby and Somerset cricket.

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Estates Division Peer Review

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1 Background and Methodology

1.1 Julian Robinson, the Director of the Estates Division at LSE, has identified the benefit in having an external review of the structure and operation of the Division. This review has been commissioned following a period of significant change in the way that estates and facilities management is organised at LSE. It is felt that this would be a good time to take stock of progress, to take overall soundings on the health of the division and to identify areas of good practice and the possibility of areas for further improvement. The brief for the review is attached as Appendix 1.

1.2 Having been invited to undertake this review, I was sent the supporting information listed in Appendix 2 for background research. I subsequently spent two days in the Estates Division, 27th and 28th October 2011, with a programme including a briefing from Julian, a tour of the LSE Estate and interviews with key members of the Estates Division team.

1.3 I should state at the outset that I am grateful for the organisation put into planning the visit, which has made the task much easier to complete, and for the honest and straightforward way that discussions have been conducted.

2 Overall impressions of the Division

2.1 The Estates Division has been through a period of significant and rapid change. From a situation where there was an uncomfortable division of responsibility for estates delivery, new structures have been put in place to form an integrated estates and facilities management function which should serve the School well in years to come. While no two universities have identical structures, the LSE model of Estates delivery that has now evolved echoes good practice in the sector, while introducing its own areas of innovation.

2.2 The Director and many of the key staff in the Division have been appointed within the last three years. The restructuring created an opportunity to introduce much new thinking, gleaned both from within the HE sector and from external environments.

- 2.3 While change on this scale can be daunting, it is immediately apparent that the LSE Estates Division now benefits from strong and informed management across its SMT, with clear accountabilities and an excellent range of skills that are appropriate to the tasks in hand. It is also very clear that there is a strong sense of esprit de corps, and while there are inevitably exchanges of views on best practice, the team seem to gel really well which certainly underlies all that has been achieved. All members of the SMT display leadership qualities, relevant both internally within the Estates Division and externally in promoting the work of the Division within LSE and beyond.
- 2.4 The fusion of the different backgrounds of the SMT has contributed to a positive culture within the Estates Division, with a strong sense of commitment to customer service and to continuous improvement.
- 2.5 The location of the Estates Division on a single open plan floor has undoubtedly made a big contribution to the teamworking ethic and will need careful management when the Estates Division relocates shortly onto two floors of one of the Tower buildings.
- 2.6 While some of the challenges that the Estates Division faces are ubiquitous across the HE sector, others reflect the nature of the Central London location, where property costs are in general of far more significance than for the majority of HEIs.

3 The LSE Estate

- 3.1 I had the opportunity to visit parts of the LSE Estate in order to gain an overview of its size, nature and current priorities and projects. This was inevitably a helicopter view given the time available but was very useful in forming an impression of estate strategy and priorities.
- 3.2 It is very clear that the LSE has estate opportunities and threats that do not readily relate to many of its peer institutions. The density of City of London development and the size of individual building blocks combine to create property value that is a long term balance sheet asset. There is also however an ongoing challenge in creating sufficient occupier value to generate acceptable returns on this investment and to be able to compete for strategic acquisitions. Property costs in London do not necessarily translate easily into direct comparison with peers elsewhere but the freehold values dictate that every scrap of value from occupation needs to be extracted.
- 3.3 The LSE estate is compact and represents a true city campus, with a long term strategy that allows for growth. It comprises an interesting and eclectic mix of individual building sizes and styles that none the less form a very coherent

whole. A significant amount of investment has been made and continues to be made. A quick tour of the recently renovated NAB Building, the newly acquired Land Registry, the ongoing renovation of the Towers and the site of the new student centre demonstrated LSE's ongoing commitment in this area.

3.4 It is clear that the highest design standards are being achieved in this major programme. The innovative use of and high standard of presentation of shared spaces was a particular feature and clearly much thought has been put into creating attractive environments for students, staff and visitors. Devising occupational space ratios that reflect the value of the Estate are inevitably more difficult in central London but the Tower refurbishment programme in particular seems to be achieving a good density of development while maintaining good working conditions.

3.5 LSE has recognised the importance of external realm and some interesting projects have been implemented to make good use of the streetscape and create a real sense of place.

3.6 While the development programme is ambitious, well thought through and well executed, it is also clear from a brief visit that LSE, in common with many other UK HEIs, has a significant backlog of repair and improvement to address. Data supplied indicates that only around 53% of the Estate is in good condition and this assessment feels realistic on the ground. Even with the best of planning, it will take many years to rectify this imbalance and bring all operational buildings up to the standard that LSE would aspire to. There are however clear plans and strategies in place, not least to deal with the problem of decant space. It is clear that the School acknowledges the issue and is committed to a long term programme of works to resolve it.

4 Strategic Planning and Utilisation of the Estate

4.1 The Director and the SMT are responsible for strategic planning. There is an estate strategy under development, with copies supplied of the April 2011 review of key issues. The development of an estate strategy is generally seen as an essential planning tool and one on which HEFCE in particular has placed reliance to evidence a clear fit between corporate and estates objectives.

4.2 The strategy for LSE is in need of updating. It must reflect the School's key objectives for the next five to ten years. The environment pertaining across HE for the past three years has made strategic planning particularly challenging and many estate strategies have needed radical change. Although the LSE strategy clearly needs to be completed and adopted by its Council, it is evident from

discussion that the key issues have been captured in draft documents and that current activity is governed by a good understanding of corporate objectives.

- 4.3 In particular, the recently established Property and Space Management team has a good understanding of spatial needs under different growth scenarios. There is confidence that with the strategic acquisitions made and the major development and refurbishment proposals being pursued or in course of development, the School can plan its future with the knowledge that the Estate can deliver to key objectives.
- 4.4 The LSE estate is compact, which must be a great asset but also causes constraint in planning growth. A degree of opportunism is inevitable but the Head of Property and Space Management has a good understanding of market opportunities and appears to be properly resourced to be able to plan acquisitions in a highly competitive marketplace. The expertise available in the team is an invaluable asset.
- 4.5 LSE has an ambitious programme of capital development to further its corporate objectives. Although the Estate Strategy is not complete, the Capital Programme is well developed, with a clear fit to School priorities. The Programme has been costed and consolidated into School strategic planning and demonstrated to be sustainable financially.
- 4.6 Making effective use of space in an environment where central London rental values outperform the rest of the country by a significant degree of magnitude, will be one of the major challenges going forward. Recent acquisitions put the School in a strong position but the need for effective decant strategies, spatial allocation policies and exit plans for poorer buildings will need proper articulation in the Estate Strategy. HEFCE has in particular put effective space management at the top of its estates good practice agenda. There is plenty of evidence that these issues are well understood at LSE but effective space planning in particular will need continual development.
- 4.7 Balancing the need for strategic long term planning against the priorities of current space demands has been very challenging for the Estates Division. The Head of Property and Space Management feels however that the backlog of urgent space allocation issues is now becoming manageable and that a much more proactive stance is now achievable.
- 4.8 LSE now has robust procedures in place for agreeing space allocations and layouts, led by the Space Management Group. Adherence to these will be critical in achieving the desired outcomes of the developing Estate Strategy.

4.9 It is understood that space norms are broadly agreed and they will be an essential tool in making wise use of the significant assets that LSE holds. The role of the Space Manager will be critical but the Estates Division is again very well served by the expertise available.

4.10 It is clear that the process of managing staff moves is highly regarded across the School and reflects well both in the processes and the personnel involved.

5 Capital Programme Delivery

5.1 The Estates Division has a well resourced capital development team, with a capable and experienced head. The team provides the delivery mechanism for all project work large and small. It also manages the programme of major maintenance and carbon management. This division of responsibility is different to many other HEIs but has been well thought through and plays to the strengths of the team.

5.2 The Capital Development team works to a series of procedures which are increasingly set out in guidance notes that document best practice in the procurement of project work. There is much evidence of good practice in programme and project management, cost control and sustainability. The team is tackling some very significant projects on demanding landlocked sites. Overall, there are strong procedures in place to ensure that delivery can be managed effectively, although site difficulties will inevitably cause local challenges for the team, as is currently being demonstrated in the development of the New Students' Centre.

5.3 The impact of the programme on occupied areas of LSE and on neighbours cannot be overestimated. It was noted that setting realistic and achievable programmes is a difficult task. The provision of adequate cost and programme contingency is something that the team will need to review in the light of current experiences, accepting that there is a delicate balance to be struck between allowing adequate time to take into account project risks while meeting client expectations for the earliest delivery possible. Managing corporate expectations will require skill and diplomacy.

5.4 Sustainability is well embedded in the work of the unit. The commitment to achieving BREEAM certification and sector leading energy accreditation is well understood and has already achieved results in projects recently completed. The commitment to achieving a BREEAM Outstanding accreditation for the New Students' Centre is demanding, with a very small number of precedents. At design stage, the project looks well placed to succeed in this area and will when completed be a genuine exemplar for the UK HE sector.

5.5 The team has a well defined set of procurement procedures and a track record of working with consultants of high quality. The move to establish frameworks for smaller projects should save time and enable long term relationships to be built. GC works contracts, while no longer supported in their original form, are tried and tested and serve the team well. Future use will need to be carefully monitored if the sector continues to move away from this contract form and self help and sharing from those Institutions that remain users will be of increasing importance.

5.6 There is a clear stage sign off procedure in place, with all key parties asked to agree that the project is in good shape to progress.

5.7 Project briefing is acknowledged to have been a challenge in the past. Procedures have now been developed, based on the lessons learned from the New Students' Centre, which should assist in the future.

6 Interface between Capital Development and Facilities Management

6.1 This can be a challenging area for many estates teams and it is good to note that LSE has taken positive steps to address it. There is plenty of evidence that the relationships at senior level in the Estates Division help greatly in ironing out the issues that do inevitably arise.

6.2 A generic requirements document has been developed, which sets out the estate wide standards to which project work should adhere. Both Capital Development and Facilities Management believe that this has progressed well, although further work is needed to ensure that the document can deliver for the overall benefit of the estate and that staff and consultants adhere to its provisions. The document is owned by the Capital Development team but it is vital that it is driven by the needs of the FM team if it is to be successful.

6.3 The process of project handover has also been refined, with great attention being paid to commissioning. A project buddy system has been developed to ensure that Capital Development and Facilities Management have a shared understanding of what is being delivered. While this again needs to be fully embedded, it looks to be a very innovative approach to a thorny issue and one that has great potential as an exemplar of best practice.

6.4 The division of responsibility for sustainability between Capital Development and Facilities Management is unusual but seems to work for the Division. The two teams have a shared vision but will need to work closely together to ensure that there is a coherent approach to achieving short and long term targets.

7 Long Term Maintenance

- 7.1 Capital maintenance is embedded in the Capital Development team, using the same project led approach. This appears to work well for LSE, with a systematic and condition survey led approach to prioritisation and delivery. Capital Development will need to ensure that priorities arising from the day to day experiences of the FM team are properly captured and carried forward with appropriate weight in the plan.
- 7.2 In common with many universities, backlog maintenance remains a significant issue for LSE. The approach of the Estates Division is to plan for the reduction of this backlog through a process of major renovation, rolling maintenance and selective disposal. The scheme is well thought through, although there is an acknowledgement that it will take some years to deliver fully effective outcomes. There will be a challenge for the Division to manage expectations over this extended programme period.
- 7.3 The Residential Estate has been managed on a different basis until recently. There are clear advantages in consolidating all major maintenance into parallel programmes and it is understood that this assimilation is now well advanced. This is still a transitional process but appears to be heading for improved outcomes. The requirements of the residential estate will need to be properly captured in the Estate Strategy.

8 Facilities Management

- 8.1 Like other units, the Facilities Management team has undergone change in recent years. It now offers a fully integrated FM support network for the non residential estate. Reactive maintenance, cleaning, portering, security and print form the core group of activities and these are all supported by a customer services manager and a help desk.
- 8.2 There is a clear focus on customer service and a commitment to good response times and quality of workmanship. The customer service model adopted represents very good practice. In particular, the quality of the helpdesk and the staff operating it is acknowledged as being a real strength.
- 8.3 Of the various FM services provided, it was noted that security can be one of the most challenging in a City environment. The balance between real security needs and a paternal approach to student welfare seems to be well established, although something that requires continuous attention. The portering team, while small, are well regarded and well led.

- 8.4 The management of building related health and safety is a major theme for the FM division. LSE Estates puts great store on building effective relationships with the Fire Service and Health and Safety Executive, and although there is clear evidence of a well thought through safety stance, individual incidents can still prove testing.
- 8.5 As with Capital development, there is clear commitment from the FM unit to sustainable best practice. While investment in renewable technology will assist in reducing carbon levels, there is much basic work to be done at LSE in implementing packages of building improvements in areas of thermal performance, heating delivery and effective controls. The FM team has a clear strategy for prioritising these activities.
- 8.6 There is a difference in the delivery model of FM services in the Academic and Residential estates. While this is not of itself unusual, there does seem to be some scope for better sharing of knowledge and for some standardisation of practice. The Head of FM is tackling this issue with his counterparts on the residential management team.

9 Communication and Information Management

- 9.1 Effective communication is always a major challenge for large and dispersed divisions like LSE's Estates team. Much thought has been put into this by the SMT and a clear set of actions is now apparent. Termly all staff meetings, newsletters and effective use of the LSE web as a tool for information sharing all contribute to the overall sense that staff communication is taken seriously and is well delivered.
- 9.2 The LSE web structure has its own intranet and the Estates Division takes full advantage in publicising its work to the wider community. The project pages are an excellent example, as evidenced by the efforts to publicise the progress of the Student Centre to a wide audience, which represent very good practice.
- 9.3 The printed material produced by the Division for both staff and students is very professionally done and seems to be well received by its target communities.
- 9.4 Much work has been done in creating shared drives with key policies and procedures being held there, readily accessible to all staff needing them. A lot of thought has been put into this facility by the Estates support team and there is potential here to create something of sector leading coherence.
- 9.5 Relevant financial information is generated by the team and all business units seem content with the responsiveness of the team and the quality of data available to them.

9.6 There is clearly a highly effective administration and finance team supporting the Director and SMT. This has recently been restructured and is working very well, although the manager also holds PA responsibilities, which can be a challenging mix at times.

10 Further Observations

10.1 Much effort has been put into the development of service standards across the Estates Division. The documentation provided, in particular the Service Development review 2010, demonstrates that the Division has developed a coherent set of service standards in a short time and is now able to generate meaningful management data. Continued commitment at this level should build a substantial database of information to enable a longer term review of continuous improvement.

10.2 The commitment to Customer First accreditation represents excellent practice and one that would be worthy of wider application in the sector. The Estates Division has clearly performed in an exemplary manner and is now challenged to maintain this high standard.

10.3 The SMT is highly skilled and LSE is well served by them. Succession planning will need careful consideration and the Division may need to put more time into identifying and developing rising talent. This is particularly the case for a London based Institution, where recruitment at all levels of the organisation but particularly for well qualified senior staff can be difficult. I noted this in particular in the Capital Development team, where so much of the delivery of the Division's strategic objectives is located, but it applies in all areas.

10.4 Given the limited duration of the review, I have not been able to speak to a wide cross section of Estates staff nor to access customers of the Division. I have been given a robust set of documentation and have relied predominantly on this and on the impressions gained from my meetings with the SMT to put this report together. As previously noted, I was impressed with the open way that the team responded to the review and am satisfied that the impressions gained were realistic.

10.5 Probably the major challenge facing LSE Estates Division is to deliver a transformational estates programme while simultaneously maintaining service quality and embarking on a substantial carbon reduction programme. While the Estates Division clearly works well as a coherent whole, this will need to be maintained as the capital programme roles out. This gives rise to further development needs in ensuring;

- i) That all areas of the Estates Division understand the objectives of the programme, its impacts and outcomes and all have a chance to contribute and add value.
- ii) That communication across LSE and to other key stakeholders is maintained and enhanced to secure as much support as is possible. There will be an ongoing need to ensure that all those impacted understand what is being delivered and that concerns are recognised and dealt with as effectively as possible.

10.6 While the Division has achieved a good working balance between in house and outsourced provision, this is an area that would need to be kept under regular review to ensure that chosen delivery mechanisms are generating best value for the School. Monitoring of contractor performance and value for money will be a priority area for the SMT.

10.7 Finally, it was clear throughout discussion that there is good exchange of ideas and potential best practice across a group of London Universities. The SMT devote time to peer group visits and clearly have a very sound benchmarking strategy in place. While the geography and infrastructure of London assists, other regional groupings might learn from the process established in the Capital.

In conclusion, LSE has a well managed and structured Estates Division that has a proper understanding of the strategic priorities facing the School. The Division is well advanced in developing its own plans to support corporate objectives. There is widespread evidence of best practice with some sector leading performance, notably in the approach to customer service, in the specification and delivery of major projects and in the range of effective communication used.

The Division has set itself some very challenging objectives, not least in its capital delivery programmes and in its carbon objectives. It is right that LSE should be setting the highest standards and this will require significant management time and resource to convert into proven outcomes. I am confident that the LSE Estates Division is as well placed as any in the sector to be able to deliver these.

Patrick Finch
November 2011.

Appendix 1

LSE Estates Division Peer Review Programme 2011.

Introduction: One of the six items for further consideration and action in the 2010 Service Development Review of the Estates Division, was to determine the scope and timing of a peer review in the coming year. The brief below has been based on one used by the University of Glasgow for this purpose.

Purpose:

1. To advise the Director of Estates on the performance of the overall leadership and management of the Estates Division and that of each section in delivering a service that is:

Responsive - meeting student and staff needs effectively

Efficient - using resources well

Progressive - achieving continuous improvement; and

Corporate - aligned with the University's priorities.

2. To generate recommendations, where appropriate, for improving the service.
3. To produce a report that will be available to the University community, and will help ensure that the Estates Division is effectively accountable to students and staff.

The Reviewer:

External expert – Patrick Finch - Bursar and Director of Estates University of Bristol.
Former Chair of AUDE .

Working Method:

1. LSE Director of Estates (DoE) appoints Reviewer.
2. Division prepares a written submission, covering the following:
Role and organisation of the Division.
Performance of the Division, in terms of the four themes above.

3. As part of a two day review, the Reviewer will initially meet with DoE to:
 - discuss the Division's written submission.
 - agree on the issues that should be probed with Division managers.
 - agree a timetable for completion of the review exercise.
 - undertake an inspection of the campus.
4. Reviewer interviews Senior Management Team.
5. Initial feedback and close-out meeting with DoE.
6. Draft Report issued to DoE for comment.
7. Final Report issued to Section Heads and Director of Finance and Facilities.
8. Final report submitted to APRC as part of 2012 Estates SDP.
9. Executive summary and management response prepared for ESC.
10. Text of report and management response posted on Estates website

Appendix 2

LSE Supporting information

Background information received prior to the visit included;

- Estates Division Service Development Review 2010. Consolidated submission document including assessment panel feedback.
- LSE Property Handbook 2011
- Estates Strategy – report to Council April 2011
- Customer First accreditation feedback 2011
- LSE Facilities Guide 2011