IMPROVING FACILITIES MANAGEMENT: A PUBLIC SECTOR CASE STUDY

Teng Hee Tan
Manager, Asset Management Research and Development, Department of Public Works, Queensland

Abstract
Building Facilities Management (FM) within Queensland Government Departments is the responsibility of individual Departments. A broad range of FM services is outsourced to the Department of Public Works and private sector providers. In some instances, there is in-house provision of selected FM services. The Department of Public Works, in collaboration with Treasury Department, has embarked on an ambitious program to improve FM across Queensland Government Departments. This program is part of a wider program of reform across the public sector aimed at sharing the provision of non-core services like finance and HRM to remove duplication and drive efficiencies. Departments are placed in “clusters” which are serviced by a “Shared Services Provider” in each cluster for non-core services.

The paper describes the development of the FM Improvement Initiative, its fundamental thrust and objectives and the strategy for implementation. The Department of Public Works is sensitive to the very broad scope of FM and the need to be focussed on high benefit but realistic and achievable targets. Gaining the support and commitment of the various Departments is critical for success. The program has focussed on six (6) Priority Project Areas described in the paper and a selection of projects, some of which are pilots for wider adoption if successful. The paper also describes some of the governance arrangements established to ensure that such a large-scale improvement program is successfully managed.

Key words: Building; Facilities; Management; Improvement; Shared; Services

BACKGROUND
Queensland is one of the six States of Australia that, with two other Territories, make up the Commonwealth of Australia. This paper describes the Facilities Management Improvement Initiative driven by the Queensland State Government. The Facilities Management Improvement Initiative (FMII) had its genesis in another Queensland State Government reform program known as the Shared Services Initiative (SSI) that was aimed at introducing the concept of Government Departments sharing common services such as finance and human resource management. With over twenty departments making up the mainstream Government machinery, there are efficiencies to be gained by sharing systems and people undertaking financial management and human resource management (HRM).

With shared services, the resources across Departments could be rationalised, systems consolidated and processes standardised and made more efficient. Experience in other jurisdictions indicated that there was potential for significant savings. In pursuit of this objective, Shared Services Providers (SSP) were created to service “clusters” of “client” Departments. These SSP were selected Departments who extended their HRM and finance services to serve other Departments within their cluster. A number of other “generic” functions like fleet management, facilities management (FM) and information and communications technology (ICT) were obvious targets for such an arrangement but were put in a queue for implementation due to the sheer scale and complexity of the reform agenda. There was some initial confusion with the term FM because of the use of similar terminology in ICT. In the context of the FMII, the term facilities management was therefore limited to refer to building facilities management. A number of definitions of FM were also considered for potential adoption. Among them the following definitions were considered particularly relevant:
Facilities Management: “A business practice that optimises people, process, assets and the work environment to support delivery of the organisation’s business objectives.” (Facility Management Association of Australia)

Facilities Management: “Facilities Management is the integration of multi-disciplinary activities within the built environment and the management of their impact upon people and the workplace.” (British Institute of Facilities Management)

Facilities Management: “Facility Management is the process by which an organisation integrates its people, work process and physical assets to serve its strategic objectives. As a discipline, facility management is the science and art of managing this integrative process from operational to strategic levels for promoting the competitiveness of organisations.” (Hong Kong Institute of Facility Management)

In order to provide a definition that was relevant to the public sector, the following definition was developed for the purpose of the FMII:

“Facilities Management (at facility and portfolio levels) is defined as the ongoing process of aligning building or facility resource requirements to Department service delivery outcomes and Government priorities through planning and managing the cost effective:

- Acquisition, maintenance, renewal and retirement of building facilities; and
- Servicing and operating the built facilities in accordance with functional requirements and performance specifications.”

In addition to this definition a detailed list of FM functions was also developed.

In considering the potential for adoption of the Shared Services model for FM, it was necessary to acknowledge the situation in terms of the FM functions in Departments. In the majority of cases, Departments outsourced a significant part of their FM functions from DPW itself. In essence, a Shared Services arrangement already existed for FM. The role of DPW is a significant factor in any consideration for a changed model. Government policy is to maintain a significant internal capability in building FM services provision and policy. Until such time as this policy changes, DPW is a resource that needs to be effectively and efficiently deployed and used for maximum benefit to Departments and Government. FM is also inherently much more complex than HRM or financial management in terms of processes, systems, people and the wide variety of the “hardware” involved – the physical facilities themselves (schools, prisons, office buildings, laboratories, police facilities, residences, etc.).

Nevertheless, the Department of Public Works (DPW) took on the task of examining whether FM had a similar potential as HRM and finance management to be migrated to a shared services model. A small, dedicated team spent some weeks on the task and concluded that while there was significant potential for improvement that would result in financial and non-financial benefits, there was only limited potential for applying the shared services model. Thus improvements to existing arrangements were more appropriate and attractive than wholesale adoption of the financial management and HRM shared services model.

**CONTEXT – FM AND THE QUEENSLAND PUBLIC SECTOR**

In general, Departments own, operate and manage purpose-built building facilities such as schools, police stations, correctional facilities and hospitals. General office buildings are leased from DPW or in some isolated cases directly from the private sector. DPW meets the demand for office space through a combination of its own portfolio of buildings and leased buildings. DPW provides FM services such as maintenance, cleaning and security services to most Departments. It also provides engineering and architectural design services and project management of construction projects. A policy division provides policy and best practice support, industry liaison and risk management services to Government. Apart from policy services all other services are provided on a commercial fee-for-service arrangement. For maintenance, the majority of Departments have to use DPW services as Government policy. This internal outsourcing model provides the environment for Departments to focus on their core business and for DPW to focus
on delivering market-competitive FM services. However, the model has also spawned inconsistent business arrangements and processes. Departments operating in “silos”, a high level of intra-Government transactions and a lack of standardisation in systems and data leading to poor inter-operability and duplication.

The fundamental concept of Government in Queensland is the autonomy of Departments in pursuing their designated roles and functions, undertaking procurement of non-core support services such as FM and generally operating as independent entities. In contrast, there are obvious benefits in Government operating as a single enterprise and achieving benefits from economies of scale, shared services and other collaborative effort between Departments. For example, Government can collectively pay less for a licence to use standard FM software across Departments compared to individual Departments paying separate software licences. Similarly, instead of Government Departments (essentially divisions of the same business entity) competing for building sites in an overheated property market they can opt for a more collaborative approach such as co-locating in a shared facility. Maintenance personnel travelling to remote areas can undertake maintenance work on building facilities of various Departments in the same locality in one trip rather than making separate trips for individual Departments’ work programs. This is a significant issue due to the large geographical size of Queensland.

THE FACILITIES MANAGEMENT IMPROVEMENT INITIATIVE

The Facilities Management Improvement Initiative (FMII) was introduced out of the desire to pursue improvements in FM as part of the Shared Services Initiative. The financial incentives for pursuing improvements are compelling. The approximate value of the Government’s building estate of 72,000 buildings is estimated at AUD$14.8 billion spread across twenty-six Departments. The annual projected growth rate of this estate is estimated at AUD$1 billion. It is further estimated that the total annual FM expenditure across Departments is of the order of AUD$1.5 billion while the costs to manage the estate and FM activities is AUD$49.8 million annually. (Source: Facilities Management – Project Synopsis 2004). A small percentage improvement in the above areas could yield savings measured in millions of dollars.

Building facilities are part of the broader pool of infrastructure assets that are necessary to “support and sustain” life in a nation or state (Hudson et al, 1997). Most Government Departments rely heavily on building facilities to deliver a wide range of services to the community and to support the economic growth of the State of Queensland. They are subject to deterioration, susceptible to natural disasters, catastrophic failure and require proper management, maintenance and renewal throughout their lives in order to perform their desired functions. The need to improve FM has also been recognised by the Facility Management Association of Australia through its document, “A Proposal for an Action Agenda for the Facility Management Industry” which states “The effectiveness of our built assets is fundamental to the productivity and competitiveness of the economy and our impact on the environment.”

One of the challenges faced in trying to improve FM in the Queensland public sector is the sheer scale and complexity of the situation. Thousands of buildings are spread throughout the metropolitan south-east of the State and small, medium and large regional town centres across the State including some very remote communities. People of varying competencies and interests in FM manage facilities across the State. They report to and are accountable to different entities within a large corporate enterprise. The different climatic and other geographical factors that affect facilities and their management add further complexity.

The current building ownership and FM service delivery models also added to the challenge of defining the scope and thrust of the FMII. There are demographic and management issues involved. What improvements could be pursued in regional areas and in the larger metropolitan centres? Should the improvements be driven at improving FM at facility level, e.g. schools, office buildings, prisons, etc.? Should they be targeted at portfolio level where senior managers can drive improvements within their portfolios? Or, should improvements be targeted at addressing issues at the enterprise level, seeking efficiencies and better outcomes from better inter-portfolio collaboration, improved policy, consolidation of systems, sharing of expertise and where relevant, even facilities? Can building ownership models be challenged – for example, would Departments
with small building portfolios consider leasing their purpose-built facilities from the DPW in the same manner as office buildings?

Table 1: Finding improvement targets

<table>
<thead>
<tr>
<th>Management Levels</th>
<th>Possible Improvement Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise level – Government as one entity (across all Departmental building portfolios) Geographical area: State-wide</td>
<td>Shared services and accommodation, bulk procurement, coordinated service delivery, standards and policies. Pursuing improvements through whole-of-Government coordination.</td>
</tr>
<tr>
<td>Portfolio level – Departments as autonomous entities (individual Departmental portfolios) Geographical area: Specific parts of the State where the department has a presence</td>
<td>FM business arrangements, FM practices, processes. Pursuing improvements through a number of departments working together or in an individual Department and extending them sector-wide.</td>
</tr>
<tr>
<td>Facility level – Individual facilities within a Departmental portfolio Geographical area: Individual locations</td>
<td>FM services, practices, processes. Pursuing improvements in an individual facility and extending to other facilities.</td>
</tr>
</tbody>
</table>

Early analysis of the scope of the FMII resulted in a conceptual view that improvements needed to be driven from a whole-of-Government or “enterprise” perspective. The basis for this view is that “we are all part of Government and surely we can do things better if we work together.” There was also recognition that improvements would be pursued over the asset life cycle since there were opportunities for improvement at each stage of the life cycle.

It was also recognised that drawing the boundaries as outlined above meant that the scope of FMII is broad and that any improvement initiatives had to be clearly focussed on specific areas which were not too large or ill-defined. Some projects might be pilots to test improvement propositions and models while others might be more wide-ranging. The scope was confined to building facilities only. A functional definition of FM was developed, resulting in a checklist of all the FM functions considered as being “in scope”. Fleet management and ICT were excluded.

The FMII focus for improvement was aimed at four key areas:

**FM Demand Management** – managing the demand for facilities and the recurrent costs of sustaining existing and future facilities

**FM Services** – improving the efficiency and effectiveness of FM services

**FM Management Resources** – improving the efficiency and effectiveness of managing facilities and the associated FM services

**FM Governance Framework** – taking a whole-of-Government (enterprise) approach to FM through improved governance arrangements

An alternative view of the FMII is one of pursuing opportunities for whole-of-Government improvements in FM to achieve improved outcomes in:

- **Sustainability** of current and future building facilities in economic and environmental terms
- **Value for Money** in the procurement and delivery of FM services
- **Productivity** of resources and systems to manage building facilities and FM activities
- **Good Governance** in FM practices and processes.

In the context of this paper, “Value for money” can be considered as a way of assessing whether or not the maximum benefit has been obtained from the goods and services acquired or provided compared to the resources expended. It is often also measured in terms of:
• **Economy** – minimising the cost of resources for an activity (“doing things at a low price”)
• **Efficiency** – performing tasks with reasonable effort (“doing things the right way”)
• **Effectiveness** – the extent to which objectives are met (“doing the right things”).

(Source: “The Concept of VFM”– www.hefce.ac.uk)

Improvement objectives were identified for each of these high-level improvement focus areas as shown in Table 2 below. While these are broad and high level, they were useful in guiding the thinking towards the specific actions necessary for initiating improvements. These actions could then be translated into improvement projects for implementation within a framework that had a high level focus.

The team established to develop the FMII spent considerable time in defining these improvement projects in terms of their scope, benefits, deliverables and milestones. A business process review method was also identified as being a useful tool to apply in each of the improvement projects. This business process review method entails a “discovery” process, an “envisioning” process, a “business case” process and “implementation” phase.

### Table 2: Improvement objectives of each improvement focus area

<table>
<thead>
<tr>
<th>FM Demand Management</th>
<th>FM Services</th>
<th>FM Management Resources</th>
<th>FM Governance Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimal life cycle costs through improved design and management</td>
<td>Standardised and improved FM processes</td>
<td>Consolidation of small portfolios</td>
<td>FM policies on sustainability</td>
</tr>
<tr>
<td>Improved asset performance</td>
<td>Improved FM delivery models</td>
<td>Sharing FM management resources</td>
<td>Improved Capital Planning</td>
</tr>
<tr>
<td>Rationalisation of asset holdings</td>
<td>Reduced volume and costs of FM transactions</td>
<td>Improved interoperability of FM systems</td>
<td>Improved Governance</td>
</tr>
<tr>
<td>Improved integration of FM services</td>
<td>Productivity and performance improvements</td>
<td>Standardised and efficient management processes</td>
<td>Improved accounting and financial policies</td>
</tr>
</tbody>
</table>

**PRIORITY AREAS**

As noted above significant work was done in identifying worthwhile projects that could be implemented in pursuit of these objectives but their scope, complexity, diversity and inter-relationships and dependencies between them made some prioritisation essential if the FMII was not to flounder in a tangle of projects. At the same time it was also recognised that high level commitment was critical for the FMII to succeed. An agreement was reached between the Director-General of DPW and the Under-Treasurer of Queensland Treasury to commit to the FMII as a joint initiative of DPW and Queensland Treasury. This provided the high level stakeholder impetus for the FMII to advance towards implementation.

Further effort was thrown into prioritisation of objectives and the relevant projects to achieve these objectives. There was also executive anxiety to demonstrate early successes without losing sight of the longer term objectives. Therefore effort was also put into identifying potential pilot projects that could be extended for wider application either on a regional or whole-of-Government basis.

Six priority areas were agreed upon based on the improvement objectives. These were:

- **Capital Planning** – Improving the capital investment planning process for building facilities
- **FM processes** - Improving selected FM processes in terms of efficiency and effectiveness
• **FM Management Resources** – Seeking opportunities for achieving the most appropriate distribution of FM management resources between Departments, their shared services providers and DPW
• **FM Systems** – Improving the connectivity and inter-operability of FM systems
• **Asset Performance** - Improving the measurement and monitoring of building asset performance as a tool for demand and risk management
• **Business Arrangements** – Improving business arrangements to reduce the volume and costs of FM transactions

Within these priority areas individual "priority projects" were identified for implementation.

**PRIORITY PROJECTS**

The following list provides some indication of the scope and variety of the priority projects:

• **Asset Performance Framework** - Establishment of a whole-of-Government framework for consistent measurement and reporting of building asset performance;
• **Coordinated Regional Service Planning and Delivery** - Coordination of maintenance services across portfolios instead of responding to individual portfolio demands to reduce travel and other costs in remote areas;
• **Asset Strategic Planning** - Improving the process of strategic planning for asset acquisition and management to meet service needs;
• **Reducing transactions** - Reducing transactions between DPW and Departments through performance-based business arrangement for FM services outsourced from DPW;
• **Data standardisation** - Standardisation of data for building asset registration across Government;
• **Building Capital Planning** - Improving the planning, budgeting and approval processes for building projects to reduce cost premiums through compressed project delivery times, overheated markets and other factors;
• **Condition Assessment** - Improving the process for assessing the condition of building facilities including data collection for other asset management purposes; and
• **Optimal Life Cycle Costs** - Developing processes for improving the life cycle cost of building facilities through input at the early design phase.

As mentioned above a number of pilot projects will be implemented to test propositions and models as solutions for wider application. These would be managed to ensure that they align with high-level objectives. There are also some Case Study types of exemplar projects selected because of their unique characteristics. The implementation timeframes could vary from 6 months to potentially 12-18 months or more depending on the project.

**GOVERNANCE ARRANGEMENTS AND SUCCESS FACTORS**

As expected with such a large and ambitious agenda, relatively formal governance arrangements at steering committee and project management levels are necessary to drive implementation. Other critical success factors identified include:

• A strong communication and consultation strategy to ensure commitment and support from Departments at corporate and regional levels;
• Alignment and where relevant integration with other Government agendas such as the review of Government information and communication technology infrastructure, shared services arrangements for finance and human resource management;
• Competent multi-disciplinary and multi-Department project teams with effective leadership;
• Clear accountabilities for project delivery and reporting;
• Early risk identification and intervention;
• A clear focus on project scope and objectives;
• Alignment of short-term projects with longer-term objectives;
• Willingness to challenge some long established mindsets (eg the need to own assets compared to leasing from another Department, using alternative procurement models like Public Private Partnerships and Alliance Contracting arrangements); and
• Managing expectations of the wide range of key stakeholders.

One other critical success factor that is often not articulated is that of executive stamina. There is no doubt that while there are short-term projects, there are also others that take a longer time frame. The patience and endurance necessary to pursue long term benefits in Government are often distracted by emerging issues and political agendas. Whether the FMII will enjoy the long term drive and stamina of senior executive management is yet to be seen.

CONTEXTUAL DYNAMICS

There are some contextual dynamics that will challenge the ingenuity and strength of purpose of those involved in the project. Departments are protective of their autonomy and respective roles and are understandably cautious about committing to any whole-of-Government agenda for improvement. Therefore, the value of the FMII to them needs to be demonstrated and used to allay any fears that may cause barriers to rise. DPW as an internal-to-Government provider of FM services must clearly demonstrate its sincerity and commitment to change since many of the projects involve the improvement of DPW systems, processes and business arrangements in order to deliver value for money services.

The FMII is unfunded and expected to be delivered from existing resources. This will be a challenge given the current workloads and level of resources that can be diverted from current functions to undertake a major initiative such as the FMII.

Is the project too ambitious? What are the risks? Does it address critical issues and have “silver bullet” strategies that will strike at the heart of FM and make quantum improvements possible? Is enduring change possible or are the projects “Mickey Mouse” and will pass into oblivion in a short time? What are the hard dollar savings achievable? These are issues that will engage the attention of those involved for some time yet as the FMII unfolds.

Another key factor that underpins all of the projects is the ability to determine baselines and performance measures for measuring any future improvement benefits. It has already been recognised that benefits from the FMII would fall into:

• Productivity gains through improved processes and better utilisation of e-business and asset management systems;
• Avoidance of consequential cost (eg cost premiums due to compressed delivery time frames);
• Better FM outcomes; and
• Direct cash benefits through savings in recurrent costs or reduced capital investments.

The establishment of baselines and ongoing monitoring of performance in most cases involve significant data gathering and qualitative evaluations based on objective and subjective evidence. There is some nervousness about this and a hesitance to commit to data gathering due to the cost and effort that may be incurred. Nevertheless baselines do need to be established if improvements are to be measured and reported on. At the time of writing this paper it is not clear what alternative means of establishing baselines and performance evaluation can be devised to overcome the barriers to data collection.

Are there other areas of potential improvement that should be addressed as a priority? The FMII agenda is broad but not all inclusive. There are other areas that can be targeted for improvement. One possible area is continuing professional development and training. Continuing professional development and training could perhaps be divided into two streams. One stream would be for FM practitioners in Departments and DPW to enhance their skills and competencies in FM. The other stream would be for the senior executives and managers who are not FM practitioners. These senior departmental executives and managers are responsible for the stewardship of building estates worth many millions of dollars and have functional responsibilities that depend and impact on building facility decisions. Many are also from non-FM professional disciplines.

Tobin (1998, pp 48-51) holds the view that employees should have “generic skills” in addition to “function-specific” skills. For those senior executives with no direct line responsibility for facilities,
their generic skills should include an appropriate level of knowledge and understanding of FM. Those senior executives with a more direct functional responsibility for strategic decisions on building facilities should have an appropriate level of FM knowledge as a “function-specific” skill. Successful improvement programs in FM and other business practices depend on senior executive support and drive. In the author’s view, an enhanced FM skill level in the upper echelons of public sector management would be a significant advantage in improving the stewardship of public assets.

CONCLUSION

The FMII is at the cusp of the implementation slope at the time of writing this paper and whether it will roll forward gathering momentum as it progresses or languish as other priorities emerge is difficult to forecast at this stage. It is still too early to tell. However, the FMII has merit in being pursued with vigour and given the current commitment and support available from the various key stakeholders there is room for optimism that it will prosper. A review in 12-18 months’ time would be very interesting.

The impact of successful implementation of the FMII can be significant and lead to further reform in future. At the very least it will highlight and promote:

- The benefits of working collaboratively across portfolios as part of a whole enterprise;
- The need to continually identify areas of potential improvement and actively seek solutions on a whole-of-Government basis;
- The benefits of challenging mindsets and forging new ways of doing business;
- The need for a balance between the autonomy of Departments and centralised management; and
- The collective responsibility to be accountable for the efficient and effective acquisition and management of valuable public assets.

This paper has provided a brief background to the FMII, its operating environment and broad scope and thrust as a Government initiative to improve building facilities management. Future developments in the FMII will determine the lessons that may be drawn from it in terms of successes and failures.

[The views expressed in this paper are the author’s views and not necessarily those of the Department of Public Works.]

References:

2. Facilities Management – Project Synopsis, 2004, Department of Public Works, Queensland, Australia
5. Tobin, R 1998, The Knowledge-Enabled Organization, AMACOM, USA

(Note 1: This is an internal DPW document and not available in the public domain.)